George Harrison because 20 years, the Beatles all be e business differences eorge Burns's philosophy are hing age 91. So when you're ou become 18. When you're become of When you're become 100. 1 can't afford I'd lose a fortune Barre me crack and several other dnesday night at the kind hday party he enjoys at a let able restaurant in Beverly 18 ifornia surrounded by pun men and fellow cometing ns declined to sing | We s 18 Again, Instead, here fs of his ever-present dga | g "Old Bones." His new fir Again!" will be released: ril. Among his fumre acing an NBC special, a book ab-38-year marriage to Gracia and a film, "Oh God IV."

Stephen Hawking, a Biz vsicist, won a major intenaaward on Wednesday for in: mpts to understand the be-ness of the universe. Hashing umbridge University, who en almost completely panks a degenerative disease ad! communicate through a comp is to share this year's Slot olf Prize for Physics with his 0. rd colleague Roger Perrose.

"A PERFECT ENGLISH WEEKER IN MAYFAIR.

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artigaristi Santagaristi

Page 13. Sunday. General News Fashlon

Ontonism on the economy is shaping the farm vote as the

Mats Wilander of Sweden

on his way to defeating Pat

Cash of Australia to win the

Australian Open title on

lowa caucuses near. Page 3. Lacroix opened Paris fashion shows with a bang. Page 6. Business/Finance

Eastman Kodak will have to borrow heavily to finance its bid for Sterling Drug. Page 7. Carlo de Benedetti piedged to shake up Société Générale de Belgique if his bid for control is

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INTERNATIONAL INTERN

PARIS, MONDAY, JANUARY 25, 1988

ESTABLISHED 1887

Missile Pact Meets U.S. Senate Reagan

Election Politics and Rivalries Envelop Treaty Debate

By Susan F. Rasky New York Times Service WASHINGTON - Against the backdrop of election year politics, rivalries among senators and un-certainty over the future of arms control, the Senate begins consideration Monday of the arms treaty that Ronald Reagan and Mikhail S. Gorbachev signed at their summit

meeting last month.
The treaty would eliminate medium and shorter-range missiles, which account for only a small fraction of the world's nuclear arsenal. Yet it is significant because of its implications for the future of the North Atlantic Treaty Organiza-tion and its potential for laying the ground for more far-reaching arms accords between the United States

Senate leaders in both parties say they have the 67 votes required to rainly the treaty. The question is whether they can muster and maintain the 51 votes needed to defeat so-called killer amendments that would impose conditions on the treaty requiring renegotiation with

"The real count is not who is for and who is against, but how people will your on killer amendments," said the Senate assistant majority in a practical sense, the treaty has leader, Alan Cranston, Democrat already been ratified hecaose

WASHINGTON — Pentagon officials have endorsed a plan in-

tended to maintain the military

balance in Europe after the with-

Defense Secretary Frank C. Car-

locci and Admiral William J.

Crowe Jr., chairman of the Joint

Chiefs of Staff, believe that even in

the current era of flat spending on

military programs the new approach will permit increases in mil-

itary strength in Europe, according to officials familiar with the plan. The plan favors land-bases rock-

ets and artiflery with increased

ranges, missiles capable of being fired by aircraft Hying hundreds of

miles from their targets, miniamed drones to collect intelligence and

attack important targets and elec-

tronic warfare systems such as ra-dio jammers. Traditional weapons

like tanks and fighter planes would get proportionally less complasis.

ficials said, late last year when it

appeared likely that the treaty ban-

ming medium- and shorter-range missiles would be signed. But it

Klosk

Scargill Retains

Top Union Post

SHEFFIELD, England (Renters) — Arthur Scargill narrowly retained the presiden-cy of the National Union of

Mineworkers after a significant

challenge from the more mod-

erate wing of the British coal miners' union, election officials

said Sunday. Mr. Scargill, 50, a Marxist hardliner who became a symbol

of resistance to Prime Minister

Margaret Thatcher when he led

a bitter and ultimately futile yearlong strike in 1984-85, beat

the moderate candidate. John

Walsh, 40,383 to 34,675 in a

poll of the union's 90,000 min-

ers. His strongest support came

The approach was developed, of-

new treaty.

U.S. Sets Plan to Retain

Europe's Arms Balance

By John H. Cushman Jr. conveniently meets the administra-

drawal of nuclear missiles under a idea "competitive strategies," de-

of California. "I've endeavored to NATO has announced it will not get commitments from a majority of senators to oppose killer amend-ments. We're close, but we're not

Mr. Reagan, in his radio address Saturday, called the treaty "a solid

Policy changes by President Reagen would further privatize the U.S. space program. Page 2.

one with the most extensive verifi-cation provisions in history." "It will make America and its ellies more secure," the president

The Senate majority leader, Robert C. Byrd of West Virginia, reflecting the views of both supporters and opponents, has called the treaty a stalking horse for another proposed treaty to reduce strategic nuclear arms. That accord is now being negotiated in Geneva. Mr. Reagan would like to complete it before he leaves office.

The treaty on intermediate-range missiles, Mr. Byrd said, "could very well be either the beginning or the end of arms control - the first step or the last step."

Other senators have noted that in a practical sense, the treaty has

tion's military arguments against critics who contend that the treaty

leaves the Western alliance at a

severe military disadvantage in Eu-

scribe it as an approach that ex-

ploits critical weaknesses in the

Warsaw Pact's military and em-

phasizes the Atlantic allies' strong

The plan will make clear the Pen-

tagon's position on what other nu-

clear and conventional arms must

be deployed by the United States

and its allies in the North Atlantic

Treaty Organization. The plan is to

be presented to Congress as the

Senate considers the treaty climi-

nating intermediate range missiles

in Europe, which was signed last month by the United States and the

vantage in conventional military

strength while croding the nuclear

deterrent. This argument is expect-

ed to dominate much of the debate

in the Senate on whether to consent

to the treaty, a debate that begins

In the hearings, military leaders

after the United States removes

ground-launched cruise missiles

and Pershing ballistic missiles with

At the same time, military leaders will argue that by making a relatively few, but important, changes to forces deployed in Eu-

rope the Allies can maintain NA-

TO's ability to deter war by in-

creasing the likelihood that any attack by the Soviet Union and its

The military will not argue that

these changes can be made without

substantial spending, either by the

United States or its allies. But the

with hearings Monday.

their miclear warheads.

allies would fail.

suits in technology and tactics.

Pentagon officials, who call the

accept any more U.S. missiles

"Even if the Senate voted the treaty down," said Senator Dan Quayle, Republican of Indiana, "the political reality is that those missiles are going to come out." The debate will focus less on actual approval of the treaty than

fenses with the remaining nuclear, chemical and conventional weapons. With Congress intent on holding down Pentagon spending to reduce the federal budget deficit, a major issue is whether American major issue is whether America's European allies will raise their military spending.

But Senate consideration of the treaty will be shaped largely by the imperatives of election-year politics: a hard-line, anti-Soviet president seeking to establish his legacy as a peacemaker, Vice President George Bush and Bob Dole, the Senate Republican leader, fighting each other to succeed Mr. Reagan; and a restive Democratic Party looking for ways to reclaim the arms control issue and the White

Internal Senate rivalries became apparent late last year in the elabo-rate planning for the bearings and See TREATY, Page 6

MONDAY Q&A

Brent Scowcroft, the former

White House adviser, pre-

dicts easy Senate passage of

the INF treaty. Page 2.

grow, by dictating that weapons be selected for the largest possible mil-

itary payoff at any given level of

briefed on the approach, but U.S.

commanders have endorsed it, as

have the civilian secretaries of the

Joint Chiefs concede that military spending by the United States and

the allies will probably remain con-stant or decline.

would disrupt the three key ele-

sive against Europe: the air cam-

tions that enemy commanders

See EUROPE, Page 6

would use to control battle.

military services.

NATO officials have not been

To Seek Tax Cut

He Will Propose A Reduced Levy

Ronald Reagan plans this week to ask Congress to reduce the tax on capital gains, White House officials

Such reductions "should be a cornerstone of tax reform for the 1990s," Mr. Reagan says in a draft gress. The document is to be delivered to Congress when Mr. Reagan delivers his State of the Union message Monday. It contains more detail than the speech.

Capital gains are the profits achieved through the sale of stocks and bonds, real estate and other assets held mainly for the purpose of investment. They are now taxed as ordinary income. The top rate for most individuals is 28 percent, although some wealthy individuals must pay 33 percent on some in-

"Experience suggests that lowering the capital gains tax may mean increased, rather than decreased, tax revenue," Mr. Reagan says. "When capital gains taxes increase, investors tend to hold rather than sell their assets, passing their untaxed gains on to their children. In this case, oo taxes are paid, and investors are locked into old invest-

saying that should be worked out in consultation with Congress. Aides to Representative Dan

pated that be would oot support Strip. such a proposal, in part because of al tax collections.

preamble to the Constitution. tions raised by opponents of the new treaty is that it would leave the NATO alliance at a severe district. The tax proposals are described as an effort to "promote the general welfare" by giving iodividuals more freedom to control their own

steady decline in the government's revenue from this tax," Mr. Reagan said. "By contrast, a reduction in the capital gains tax rate in 1978 and again in 1981 led to increases in capital gains tax revenue."

are expected to say that while the treaty, they remain dissatisfied with the status quo that will be left to the status quo that will be left to the status quo that will be left to those weapons that deserve additional funds at a time when the research center in Washington, said there was no consensus among experts on the effects of such reduc-

> "I believe that cutting capital gains tax rates right now would lose revenue," Mr. Minarik said.

Basically, the policy seeks to em-phasize the use of weapons that Most of the Republican candiments of any Warsaw Pact offendates for president have supported a reduction in the tax, arguing that it would stimulate investment and paign, the attempt to break through NATO lines with columns of armor help create jobs. Liberal Democrats ridicule that idea, saying that and the network of communicahigher-income individuals would benefit most from a cut in the tax Military analysts, working with and that unearned income should

See TAX, Page 6



JERUSALEM -- Israel's police not given. Rostenkowski, Democrat of Illi-minister, Lieutenant General Haim nois and chairman of the House Bar-Lev, said Sunday after a cabi-Ways and Means Committee, said oet meeting that the military was capital gains tax. But they antici- rest in the West Bank and Gaza local and foreign press.

General Bar-Lev denied that Mr. Reagan's legislative message the occupied territories, where Is in the first three days after racii tactics in ocarly seven weeks Rabin announced the policy. of disturbances have drawn widespread coodemnation.

Defense Minister Yitzhak Rabin said last week, in what was widely taken to indicate a change of policy, that the army would use had been clashes. might, power and beatings" to "When the capital gains tax rate crush the unrest and avoid adding was doubled in 1969, it led to a to the toll of at least 38 Palestinians shot to death by Israeli soldiers.

Cabinet sources said, however, that Mr. Rabin and the army chief of staff, General Dan Shomron, told the cabinet Sunday that army had been ordered to use force to However, Joseph J. Minarik, an disperse demonstrators but to economist at the Urban Institute, a avoid beating them as punishment avoid beating them as punishment or after arrest.

There is oo beating," General Bar-Lev said. "This is an unfortunate term. The policy is to use limited force, reasonable force, if this and order.

■ Public Relations Problem John Kifner of The New York Times reported Sunday from Jerusa-

Increasingly concerned about 1988. what is widely seen as a major pubofficials are saying that the orders business downturn, which is always

regularities," or even that they were broke the hands of young men in

Since Mr. Rabin's statement last throwing. week, military commanders, sol-diers, foreign relief workers and Palestinians who have been beaten he was willing to listen to argu-ments in favor of a reduction in the force to cope with Palestinian nu-have been extensively quoted in the

Hospital records showed that more than 200 Palestinians had troops had adopted a policy of been treated for broken bones or beatings to quell demonstrations in other serious injuries from beating other serious injuries from beating the occupied territories, where Is in the first three days after Mr. Many of the Palestinians were

taken out of their homes and beaten in house-to-house sweeps by the army through refugee camps and Palestinian villages where there

In several instances, injured people and witnesses said, soldiers

an apparent effort to halt stone-

Concern among Israelis has focused primarily oo the impact of news coverage on public opinion, particularly in the United States, and, to a lesser extent, on possible harm to the mental health of the soldiers carrying out the orders.

The army lifted curiews Sunday on most Palestinian refugee camps in the Gaza Strip; where 200,000 people had been prevented from leaving their bomes for nearly two weeks. About 60,000 people remained under curfew.

On the television news Sanday night, the second item was about adverse reaction to Israel in the

See ISRAEL, Page 6

New Talk Of Afghan Neutrality

U.S. and Moscow See 1955 Austria Treaty as a Model

By Don Oberdorfer and David B. Ottaway

Washington Post Service
WASHINGTON — The United
States and the Soviet Union have begun discussing formal neutrality for Afghanistan based on the Aus-trian model as international negotiations on a Soviet pullout enter a potentially decisive phase, accordng to U.S. and Soviet officials.

The discussions, which were described as preliminary, envision ar-rangements similar to those that have assured the neutrality of Austria since the withdrawal of Soviet and Western forces in 1955.

After the signing of the Austrian State Treaty by the United States. Soviet Union, Britain and France, Austria declared perpetual neutrality "of her own free will" and pledged not to join military alliances or accept foreign military bases. The declaration had been approved in advance by the great powers and was part of the price of the Soviet agreement to withdraw.

U.S. policy has long backed a pendent Afghanistan following the withdrawal of Soviet troops. Neu-trality goes somewhat further both as a legal concept and a practical obligation not to cooperate in the military activities of other nations.

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The Austrian model has been under discussion because it is one of a few instances in which the Soviet Union has withdrawn its military forces and domination since World

Soviet officials indicated that Moscow was interested in the Austrian precedent. Any such arrangement would be in addition to the peace accords being negotiated in Geneva under United Nations aus-

Details of a neutrality arrangement have oot been worked out, and a senior State Department official said Afghan ocutrality would hinge as well on decisions by Af-

ghan leaders in power at the time of Afghanistan's neutrality is one

of a number of unresolved issues, according to U.S. officials. The current focus of attention is

See AFGHAN, Page 6

Wall Street Awaits Recession

For Many Economists, the Ouestion Is Not If, but When

By Albert B. Crenshaw and Stan Hinden

Washington Post Service WASHINGTON - Waiting for is absolutely necessary to keep law the recession is the name of the game on Wall Street these days.

A recession is seen by Wall Street's economists and analysts as inevitable. The key question is when will it arrive. Most observers are betting on 1989 rather than Either way, Wall Street is busy

lic relations problem, government devising strategies to cope with a to beat Palestinians have been bad for the stock market.

changed, or clarified to avoid "ir
The possibility of a recession will

Dow Jones industrial average trending lower around the 1,700 he said level. It'll be a year with a down- In the ward skew." The Dow closed Fri- 1988?" statement, analysts at Merday at 1,903.51.
Outside of Wall Street, where

opinions have not been so severely colored by the market's plunge in October, some economists think a recession can be avoided.

Lyle E. Gramley, chief economist of the Mortgage Bankers Association, forecasts modest growth for the economy, with improving performance in the second half. He said he thought "the prospects are reasonably bright" that the nation can escape recessioo at least

begun to slow even before October. and the stock-market slide has damped it even further.

the consumer slowdown, and the whole market slump, economists look at the same facts and draw opposite conclusions. Henry J. Gailliot, an economist at Federated Research Corp. in

market crash increased the probability of a recession to more than 50-50. The crash was "superimposed on an old and extended business cycle," he said. Whatever the eco-

nomic outlook at the time of the market's fall, the crash "had to make it worse." On the other hand, according to Mr. Johnson, the stock-market

disguise.
"It caused a retrenchment of consumer spending that was very healthy," he said. "It pulled us back from a boom trajectory to a noboom, no-bust trajectory. It increases the chance of noninflation-

Mr. Gramley expressed a similar view. The collapse eased the up-

be a "dark cloud" that will hang ward pressure on interest rates that over the stock market for some had been building through the eartime and affect investor confi- ly part of the year, he said, and dence, said Hugh A. Johnson, lessened the prospects of a "gang-economist with First Albany Corp. busters 1988" that would have led of Albany, New York.

Wall Street, he said, can look forward to a "trendless but quite voladie" stock market. "I see the lowed by tight money "tends to the Federal Reserve to a tighter

In their "Where Do We Go in

Outside of Wall Street, opinion is divided, but even the most optimistic forecasters say the expansion that began in 1982

But they added: "If the economy

were to slip into recession, 1989 would be a more likely date than As for the stock market, the analysts said, "We believe that 1988 will be posiove for the stock mar-

ket, but not across the board. The uncertainties that led to the bear market late in 1987 are likely to change, but not disappear in 1988. We expect one more test of the 1987 lows and a Dow Jones industrial average high of 2,300 to 2,400 for the year."

Amed such a wide range of views, when even professionals come to diametrically opposed conclusions based on the same data, what is an investor to do? "Be careful," said Greg A. Smith

of Prudential-Bache Securities, and look for trends that can provide opportunity, especially in steel, aluminum, papers, chemicals and technology issues.

The industrial sector does seem to be improving," he said, "and there is every sign that the improvement is likely to last for some time. We have to invest in that trend." John D. Connolly, chief invest-

Manigat Named Victor In Disputed Haiti Vote The Associated Press

PORT-AU-PRINCE Haiti -Leslie F. Manigat, a university pro-fessor regarded as the favored can-elections could not be considered didate of the military government, has been elected president of Haiti, election officials said Sunday. Opposition candidates asserted that the vote was fraudulent

Mr. Manigat received 50.3 per-cent, or 534,080 votes out of a total 1,062,016 votes cast in the Jan. 17 election, according to results made public by the government-appointed Electoral Council. With 50 percent of the vote, Mr. Manigat avoids a run off.

Opponents of the government say the military helped Mr. Manigat to victory by distributing his ballots to soldiers, stealing ballot boxes at the close of polis and falsifying tallies.

The government scheduled the

balloring after an independently run presidential election on Nov. 29 was canceled because of violence. The leading candidates in that election refused to take part in the second balloting.

showed Hubert DeRonceray was

second with 210,526 votes; Gerard

Philippe-Anguste was third with 151,391, and Gregoire Eugene was

candidates split the remaining poorest country in the Western 68,463 votes. Election officials said 35 percent of three million eligible voters took

part in the election, but opposition

leaders said double voting and other irregularities inflated the totals. "free and fair."

■ Economy Wobbling Howard W. French of The New York Times reported earlier from Port-au-Prince:

On cable television programs, stores in the capital advertise for foreign exchange, offering to pur-chase U.S. dollars and travelers' checks at a premium over the official exchange rate of five Haitian The advertisements are the latest

indication of Haiti's precarious finances and an omen of hardships to come for a military government that has lost most of its foreign aid. The United States, Canada, France and other donor countries cut their aid to Haiti by a total of

more than \$100 million after the

Haitian government canceled the

balloting in November. Foreign diplomats said the cuts Final results from the vote were meant to send a strong signal that if the government continued to stray from its commitment to democratic elections and a new constitution, it could expect little help in fourth with 97,556. Seven other meeting the crushing needs of the

> Without the foreign aid, diplo-See HAITI, Page 6



U.S. Envoy Attends Funeral for South African Editor Edward J. Perkins, the U.S. ambassador to South Africa, at a funeral service Sunday for Percy Qoboza, a black newspaper editor, in Soweto, South Africa. The police banned flags and placards at the service and prohibited laymen from giving speeches without police permission.

will run out of gas through next year. But even the most optimistic any time now. forecasters note that the expansion that began in 1982 has been under way for a long time by historical rill Lynch in New York, said, "The standards and is expected to run Oct. 19 stock market collapse burt. but did not cripple the economy. We expect no recession in 1988." out of gas any time now. Consumer spending, one of the main engines of the expansion, had

Analyzing the consequences of

Pittsburgh, said he thought that the

crash may have been a blessing in

ary economic growth in 1988."

See OUTLOOK, Page 11

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agreement is the first in a series of potential disarmament accords. The next is expected to be an agreement halving the U.S. and Soviet arsenals of intercontinental nuclear missiles. Brent Scowcroft was national security adviser to President Gerald R. Ford. He talked with Joseph Fitchett of the International Herald Tribune about the risks and opportunities of such an clude a START treaty and get it ratified

Q. Do you anticipate that Senate deliberations on ratification of the INF treaty will produce political surprises?

A. The outlook for ratification is quite good, and the treaty should pass without mendments or reservations that would force the Reagan administration back to renegotiations with the Soviets. Treaty opponents will concentrate their efforts on dragging out the hearings long enough to prevent this administration from getting a START treaty [on cutting inter-

The Intermediate Nuclear Forces ty would have to be submitted to Condepresement is the first in a series of gress by early June in order to be ratified much of what both sides are going to The difficulties will become sharply apbefore the mid-summer party political conventions concentrate U.S. politics on the presidential campaign. Of course, negotiations can proceed meantime, but l think it's unlikely that President Reagan, even though he badly wants it, can con-

MONDAY Q&A

before he leaves office.

Q. Would a ratification process, run-ning beyond, say, March, hold up START talks between the two delega-

A. The negotiations can certainly progress. I think there's a real possibility, for example, that the two sides won't be able to agree on complicated sublimits putting ceilings on the numbers of each kind of weapon in the superpowers' arsenals.

Basically, a deal is already cut in which o prevent this administration from geting a START treaty [on cutting interpolation on timental missiles].

Q. Is that possible?

A. Practically speaking, a START treature on additional sublimits, which is

have to do anyway.

Q. How does the dispute over the Anti-Ballistic Missile Treaty of 1972 affect the problem of potential linkage between a START treaty and the Strategic Defense

A. At the Washington summit, it was agreed to observe the ABM Treaty as signed, an interpretation glossing over the two sides' differences about the socalled "broad interpretation" advocated by the Reagan administration. I think the Soviets calculate, correctly, that Congress will prevent any testing that seems to violate the spirit of the ABM Treaty. This wouldn't necessarily kill SDL but it is unlikely that a program that can't be tested will be fully funded. So the Soviets would have got what they wanted. Q. Would a delay on START be a

major setback to the overall diplomatic process aimed at improving strategic sta-

A. INF has greater potential political impact than START. INF affects the Western alliance as a whole, and if we don't compensate for INF's weaknesses,

parent as START takes shape, because it will cut U.S. strategic forces precisely at a time when we need missiles to cover targets left uncovered by the elimination of INF missiles.

Q. Don't technological advances, by providing more accurate missiles, make it easier to live with fewer warheads?

A. The trouble is that START counts warheads, so we risk being left with many fewer weapons if we retire older weapons and keep newer, multi-warhead systems. Our siles, for example, could be cut from 1.000 to 300 or 400, and we will be able to keep only about 14 submarines. This outcome increases our vulnerability.

Q. What do you think should be done about these potential vulnerabilities? A. We ought to be spending more money on a new mobile, single-warhead missile and on new, smaller submarines with fewer warheads so they could be dispersed and survivable

Both projects are expensive. Presidents never say it, but arms control ought to cost us money. That means doing what

changes in the strategic environment. But Congress, of course, will be looking for a peace dividend in the form of reduced

O. Will the military repercussions of a START treaty affect the defenses of U.S.

A. The allies can be relatively relaxed about the negotiations, but there are some indirect concerns. One is the risk that the U.S. defense budget, which is liable to decline, may have to cover new programs to eliminate vulnerabilities arising from a START treaty. This could squeeze the U.S. ability to help finance the wider build-up of conventional forces that is needed to compensate for the INF

And a START treaty will have indirect impact on the British and French nuclear deterrents or, more precisely, at plans to modernize them. Right now, the two countries' total of 140 warheads looks inconsequential to Soviet planners. But if they go to 1,000 warheads, as they plan, that would be a considerable force that would get the Soviets' attention. The pressure to stop modernization would be particularly strong in Britain.

WORLD BRIEFS

Police Kill 10 Bangladesh Protesters
CHITTAGONG, Bangladesh (AP) — The police shot and killer a
east 10 people Sunday after an opposition leader, Hasina Witten a
tousands of her followers through the streets, demandary
Sheikh Hasina was not have
our hours of

of President Hussain Mohammed Ershad, officials said.

Sheikh Hasina was not hurt, and shouted at the police to hold their fire. In four hours of hit-and-run street battles, the police fired rifles and tear gas guns and led baton charges while demonstrators threw homemade bombs and set cars ablaze, witnesses said.

Senior police officials and a high-level government official, all of whom asked not to be identified, said that at least 10 people were killed. Sheith Hasina, the leader of the Awami League, said at a news conference that 11 people had been killed and that more than 200 had been injuried.

Thais Routed at Border, Laos Says

BANGKOK, Thailand (UPI) — Thai forces fled after Lactian troops pushed them back in a disputed border zone, inflicting heavy casualties and seizing three positions taken earlier by Thailand, Lao National Radio

reported Sunday.

The radio said That forces "mobilized infantry forces, supported by artillery, to launch attacks against positions of our regional armed forces in Na Bonoi canton on many occasions." It said Laotian forces repulsed

each attack and forced the Thais to retreat.

Thai officials said at least 32 Thais and an estimated 70 Laotians have been killed in the dispute. Laos has not allowed independent observers to enter the area of fighting, about 270 miles (435 kilometers) north of Bangkok. The dispute dates to a 1907 treaty that delineated the border but left some uncertainty about a 27-square-mile strip of hilly jungle.

Amal Militia Lifts Siege of 3d Camp

TYRE, Lebanon (Reuters) - Lebanese Shiite Amal fighters lifted a

TYRE, Lebanon (Reuters) — Lebanese Shiite Amal fighters lifted a 14-month siege of the Rashidiyeh refugee camp Sunday, witacases said it was the last of the Palestinian camps cut off by Amal forces.

The witnesses said hundreds of Amal militiamen withdrew from positions around the camp, 45 miles (80 kilometers) south of Beisut Amalsources said Lebanese police would deploy Monday in and around the camp to guarantee the movement and safety of its 17,000 inhabitants.

Nabih Berni, the Amal leader, announced Jan. 16 that his fighters would lift their siege of two camps in Bernut and the Rashidiyah camp as a tribute to Palestinian protests in the Israeli-occupied West Bank and Gaza strip. Syrian troops took over positions Wednesday in and around Beirut's Chanla and Burj al-Brajneh refugee camps after Amal fighters left them.

Italian Confidence Vote Tests Budget.

ROME (Renters) — Prime Minister Giovanni Goria, challenged by a revolt over the delayed 1988 budget, goes to Parliament on Monday for a vote of confidence in his five-party coalition government.

Sources in Parliament said deputies would vote twice in open votes. The main aim of the vote, called by coalition loyalists, is to stop the projected 1988 deficit of 103,500 billion lire (\$84 billion) from being swelled by pension rises pushed through by the Communist opposition, with backing from coalition rebels.

with backing from coalition rebels.

The confidence vote was announced Saturday by Treasury Minister,
Giuliano Amato, who told deputies that ftaly could not go on "digging

into deficits" to pay for welfare programs.

González Foes Make Strong Showing

MADRID (Renters) — Leftist critics of the economic policies of Prime
Minister Felipe González made an unexpectedly strong showing as the
convention of his Socialist Party ended Sunday.

Mr. González, who is under fire for rising unemployment and social
inequalities during his five years in office, easily retained control over the
Socialist Workers Party, but Socialist Left dissidents polled 22.5 percent
in the final vote to win one-fourth of the seats on the party's policy
making Federal Committee.

For the Record

The East German authorities have allowed \$4 dissidents arrested for staging a demonstration Jan. 17 to leave the country, West German officials said Sunday.

President François Mitterrand of France will announce in March whether or not he will run for a second term as president in elections that begin April 74, another Socialist presidential possibility. Michel Rocard,

TRAVEL UPDATE

Administrative ground staff in Rome also planned three-hour strikes. Tuesday and Friday in defiance of union leaders, the strike organizers said. Unions, which are seeking salary increases and changes in working conditions, have called three-hour regional strikes by ground staff from Friday to Feb. 16 and a nationwide 24-hour stoppage by ground staff. cabin crew and air traffie controllers for Feb. 19.

In another contract dispute, workers for the state-run railroad are set to strike from Thursday to Feb. 1 at various hours. Rail strikes are also threatened for Feb. 7 and 16. Ferry workers at the Tirrenia Navigazione company said they would strike for 48 hours sometime between Friday

MOSCOW — Lagging farm production, a drop in foreign trade

Pilots and mechanics of Air Inter, the French domestic airline, called off a strike threatened for Monday and Tuesday but said that they might revenues and spotty success in sav- walk out later in the week. They oppose the airline's practice of chartering

> Traffic at the Brussels airport returned to normal over the weekend after four days of strikes by air controllers, but new strikes could start Monday, airport officials said.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following places this week because of national and religious holidays:

MONDAY: Australia

. TUESDAY: Australia, Dominican Republic, India.

WEDNESDAY: Monaco. THURSDAY: Rwanda

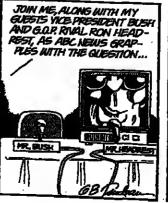
FRIDAY: Brunei, Macao.

SATURDAY: Macao. SUNDAY: Macao.

Source: Morgan Guaranty Trust Co, Reuters.

DOONESBURY







GEORGE BUSH:

Privatization of Outer Space

Reagan Wants Agencies to Purchase Launch Services

By William J. Broad NEW YORK — In a series of Space Administration is about \$9 recent policy decisions, some billion. known publicly and some not, President Ronald Reagan has ac-been opposed by NASA officials

In addition, administration offi-

government agencies to stop de- space issues. signing space hardware when intures and removing policy barriers of the space program.

This kind of action is terribly

ment's own \$25 billion-a-year cern in Cambridge, Massachusetts. space program by fostering its increased reliance on private indus- tors are fueling the commercial try, which they see as more effi- push, including the two-year cient. A second goal is to spur the grounding of the space shuttles, the would be more difficult for agen-nation's nascent private space in-

ports and moon bases, federal offi- Council applied this with special Economic Policy Council, the rules

condition of anonymity.

takes off, the commercial area space plan. could be equivalent to NASA" in

By Daniel Southerland

Washington Post Service
BEUING — In his first major

policy statement since becoming China's Communist Party leader

nearly three months ago, Zhao

Zivang has announced an econom-

ic plan that could open China to

broader foreign trade and invest-

In a lengthy statement published

throughout China on Saturday,

Mr. Zhao instructed coastal prov-

inces to establish links with foreign

investors and to attempt to enter

A Western economist said Mr.

Zhao's statement represented "a

major conceptual turning point"

that will convert China into more

of a free-trade zone and offer great-

er opportunities to foreign busi-

The policy, which will emphasize

exports, could make China a trad-

ing competitor of such countries as

South Korea, Taiwan, Hong Kong, Singapore and even Japan, the

of foreign expertise to manage the

country's low-cost labor as part of

the effort to increase exports, say-

ing anyone. Chinese or foreign,

Mr. Zhao called for greater use

world markets.

celerated his campaign to increase and in recent days have been the the role of private enterprise in the subject of bitter battles within the

administration, officials said.
Although few details are yet pubcials bope they can set in motion lic, aspects that have emerged al-forces that will change the basic ready have brought praise and procharacter of both the civilian and test from experts outside the government. Some fault the initiathe military space programs.

The initiatives, which go well beyond previously announced efforts

government. Some fault the initiatives as nearly useless, saying they come too late in the administra-

But advocates of space comdustry can do the job, putting a cap merce say the initiatives could on the liability of private space ven- mark a turning point in the history

One aim, say the officials behind important," said Peter E. Glazer, the policy shifts, is to coax greater vice president of Arthur D. Little productivity from the govern- Inc., a consulting and research con-

Federal experts say several fac-

tions and space cameras and could rather than controlling their own cellation of space contracts. ultimately lead to private space-rocket fleets. The National Security launching science payloads, achitting cities. Experts say similar government, coxding to a written summary of its liability limits believed soon the The mers

Since the Challenger explosion dustry.

Chinese should not resent for-

cigners making a profit if they also

provide some benefit to China, Mr.

ventures make more money by ex-

porting products, we can also get an increased share," he said. Although foreigners have been

able to invest in China since the

late 1970s, the total investment

coming from outside China has

been disappointing to many Chi-

inability of many foreign compa-

nies to convert their Chinese cur-

rency earnings into foreign ex-

change in order to take profits out

Mr. Zhao's statement also shows

of the country.
Until recently, China has been

The main problem has been the

nese and foreign experts.

"If foreign businessmen in joint

Zhao said.

Zhao Pins China's Future on Exports

size, he added. This year's budget in January 1986, NASA officials for the National Aeronautics and
Space Administration is about \$9

have expressed a desire to rebuild a mixed fleet of rockets and space shuttles under its control. The new policy would prevent this. While NASA has always used industrial subcontractors in building and launching its rockets, the policy aims to curb the agency's role, forcing it simply to buy rocket services

from industry. So too, rules will discourage NASA, the air force and other agencies from crafting their own rocket designs, pushing them to rely instead on industry for much to support private ventures in space, include ordering government agencies to use commercial rockets when possible, encouraging attention from more fundamental rely meters on inclustry for much of that work. This idea already is being applied in the creation of the Advanced Launch System, a giant unmanned "super booster" expectunmanned "super booster" expect-ed to lift 100,000 pounds (45,400 kilograms) to 150,000 pounds into space in the 1990s at about one-

tenth the current cost. Seven contractors are competing to come up with preliminary designs. Previously, federal design bureaus played a much larger role in such research, design and devel-

For private ventures, the new rules initiate several changes. Contracts signed with the government dustry to become a force in the federal budget deficit that has "insure government agencies are international space race indepen- dimmed the prospect of expensive reliable customers for commercial dent of government and its subsi-dies.

The policy shifts are aimed at such fields as rocketry, space sta
The policy shifts are aimed at such fields as rocketry, space sta-

In a change championed by the

should be permitted to run a business in China, ness being a few steps ahead of coast and the poor inland prov-perestroika, or the economic re-inces.

During a meeting in Washington last month with U.S. businessmen,

Mr. Gorbachev made the point that he approved of foreign companies doing business in his country as

long as they helped improve the efficiency of the Soviet economy.

In Washington, Roger Sullivan of the Council for U.S.-China

Trade called Mr. Zhao's policy statement "a good sign" for U.S.

companies trying to do business in

"This will reduce the foot-drag-

ging by the Chinese bureaucracy, but it won't eliminate it," he said.

"It will make things better, how

Analysts said Mr. Zhao and oth-

A potential negative impact of

the new policy is that while speed-

much better we don't know."

structuring, taking place under the direction of Mikhail S. Gorbachev.

During a meeting in Washington

But Mr. Zhao justified this, saying that because of big differences between the coastal and inland ar-

high speed."

U.K. Liberals Endorse Party Merger The Associated Press BLACKPOOL, England - The

David Steel, the Liberal Party leader, and his wife, Judy, after the vote in Blackpool.

cial Democrats are to hold a similar eral election in June quickly fell meeting this week. If accepted into disarray. The Social Demothere, the merger question will be put to a ballot of the entire membership of both parties.

Earlier this month, Liberal legis-

Steel, had called for a vote "well lators revolted over a policy stateover the necessary 2-to-1 margin ment issued by Mr. Steel and Robas a signal of solid support after months of dissension. Efforts to merge after the loss of the two parties' alliance in the genthe two parties' alliance in the gen Efforts to merge after the loss of the two parties' alliance in the gentors drafted a less conservative document. Strike Reduces Flights From Rome ROME (Reuters) — The ftalian state airline Alitalia and its subsidiary and other flights were delayed because of an unauthorized strike by ground staff. endment was months of dissension. founding of the nuclear power in- adopted 2,099-385 Saturday at a Efforts to merge after the loss of tors drafted a less conservative doc-

Liberal Party has voted overwhelmingly to accept a merger with als say.

force to NASA, stressing that the would reduce the risk of private the Social Democrats in an effort to
"We're attempting to stimulate agency is now "prohibited from space ventures by putting a cap on consolidate Britain's disjointed the civil sector," said a White maintaining unmanned rockets as hability in case of accidents, from centrists into a force that could House official, who spoke on the an adjunct to the shuttle for disasters in space to errant rockets shake the Conservative hold on the

cas, "it is impossible to promote

economic development in different

parts of the country at the same

Nearly one-fifth of China's pop-

ulation of 1.07 billion, including

the most highly trained workers,

A Western economist said one reason for the decision to opt for

export-led growth was that China was benefiting because of the for-

eign currency appreciation in such countries as Japan, South Korea

and Taiwan.

Because China's currency is

linked to the declining U.S. dollar, Chinese exports have become rela-

tively cheaper, while export prices have climbed for the other coun-

Last year, China exported a re-

1983, according to a trade official's

statements last month reported by

The Associated Press. Zheng Tuo-

bin, minister of foreign economic relations and trade, said China's

lives in the coastal provinces.

The Liberal Party leader, David

special party convention. The So- the two parties' alliance in the gen- ument.

GNP Growth Is Short of **Soviet Goal**

The Associated Press

ing money kept Soviet economic growth below target last year, according to the Tass press agency. Tass issued a string of reports on the country's economic perfor-

mance in 1987 and the results in Mikhail S. Gorbachev's drive for perestroika, or restructuring of the economy. On Friday, the Council of Ministers said all branches of the economy met their targets for improvements in labor productivity, a key to Mr. Gorbachev's efforts to in-

crease both the quantity and quality of Soviet output. But on the whole, the Tass reports indicated mixed results in the Kremlin's campaign to streamline the economy, introduce new tech-

nology and improve the range of goods and services available to citi-Tass said gross national product rose in 1987 by 3.3 percent over 1986 but that the figure was not as high as officials had hoped. Tass did not give the target figure.

cial resources, to lagging agricul-tural production and a decline in foreign trade revenues."

Tass said the gross national product was calculated using United Nations methods that determine the sum of "all enterprises, organi-zations and the population, both in

trade, estimated in current prices, dropped during the year by 2.2 per-

been partly to blame. Agricultural production rose by

protection groups had "manipulat-ed and twisted information." The rubles (\$766 billion), but harvests of potatoes, vegetables, fruit, berries and grapes declined from the previous year, Tass said.

Zhao Ziyang

exports from January to November were more than 14 percent higher than in the same period in 1986. The country ran a trade surplus with the United States, exporting \$2.6 billion worth of goods, he said. cord \$34 billion worth of goods and Mr. Zheng did not give import fig-reported its first trade surplus since ures, but the U.S. Commerce Department has predicted the U.S.-China trade imbalance would be \$3.8 billion for 1987. China's top three trade partners are Japan, Hong Kong and the United States.

Experts Discount Plan Backing Madame Chiang

reluctant to approve all but a few wbolly foreign-owned enterprises.

Analysts said Mr. Zhao and oth-er Chinese leaders have been im-

Most enterprises using foreign cappressed by the example of such ital are joint ventures. But Mr. countries as Japan and South Ko-Zhao's statement indicated that rea, which achieved rapid econom-

more widespread foreign owner- ie growth largely through exports.

the nearly parallel economic poli-cies that China and the Soviet zones, it will increase the economic

Union are following, with the Chi- gap between the more developed

By Fox Butterfield New York Times Service

Some elderly conservative lead-ers of the Nationalist Party in Tai-wan have sought to install Madame of President Chiang Ching-kuo.

Chiang Kai-shek, 90, as chairman feaders of the Nationalist Party of the party after the recent death have joined with Taiwanese to have Mr. Lee also made party chairman But U.S. officials and Chinese as soon as possible, to demonstrate specialists say the plan, which stability.

The flavour of an island in a single malt.





would undercut the authority of the new president, Lee Teng-bui, a native Taiwanese, appears unlikely to succeed.

Instead, the experts say, there is growing evidence that moderate growing evidence that moderate all process" that resulted in his belief to the presidency.

Their efforts were supported last week by a message to Mr. Lee from Nationalist Party and the military. Madame Chiang left Taiwan soon after Chiang Kai-shek's death in 1975 and went to live on Long land to the presidency.

al process that resulted in ms oring elevated to the presidency.

Mr. Lee, 65, is the first native along well with Chiang Ching-kuo, Taiwanese to assume the top post since the Nationalists, or Kuomintang, fled to the island from maintang. land China in 1949.

Although Taiwanese make up 85 husband's birth, and stories spread

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on the 100th anniversary of her percent of the population, they are that she was receiving senior generals als and party officials. There was intense political maneuvering after Mr. Chiang died on Jan. 13, U.S. officials said. But they believe that mainlanders in the party and members of the Taiwanese

opposition had acted responsibly

to avoid any open split or create

fear that Taiwan was moving toward independence. Mr. Lee is known to advocate moderate changes, gradually put-ting more Taiwanese in positions of

Ecology Groups In Caracas Detour The press agency said the lower result was due to "the failure to accomplish tasks for saving finan-Automobile Rally

The event's organizers said the rally would still take place from April 10 to May 4 but would start in Colombia instead of Venezuela. Leopoldo Barbosa, a director of the Touring and Automobile Club of Venezuela, said environmental

decision to prohibit the rally was made at a cabinet meeting attended by President Jaime Lusinchi and the environment minister, Guil-lermo Colmenares Fimol, who rec-32 billion rubles in 1987 to exceed ommended the ban.

low a transcontinental automobile the productive and nonproductive rally sponsored by the Exploration spheres, and depreciation dednosciety of America to cross Venetions." zuelan territory.

CARACAS — Bending to pressure from environmental groups, the government has refused to al-

Tass said the volume of foreign Depressed prices for oil and gas, the Soviet Union's most important export commodities, may have

870 billion rubles, Tass said.

whCame to Be - ಇರ್ಲಿಡ ಅದ್ದರ ವಿಜಿ ಜೆತಿತ. remain a fe at the Side and the Time 1 mi dec 211 2 11 2 2 22 Main Me in the Land.

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Tolesters

The police shot and killed as its demanding the responsibility officials said.

at the police to hold there are police fired rifles and by anoustrators threw homests.

vernment official, all of what 10 people were killed Sold and a news conference by that 200 had been injured. r, Laos Says rces fled after Lauten took one, inflicting beavy cambra Thailand, Lao National Rafe

infantry forces, supponed by s of our regional armed for t said Laotian forces reputed in estimated 70 Laotins in wed independent observations (435 kilometers) and a styr that delineated the body re-mile strip of hilly junge

e of 3d Camp Shirte Amal fighters strig amp Sunday, wineses side off by Amal forces. il militiamen withdrew in ometers) south of Reina And by Monday in and sound be ety of its 17,000 inhabitant ety of his 17,000 mannant seed Jan. 16 that his fights t and the Rashidiyeh compar acdi-occupied West Bank and ons Wednesday in and manage gee camps after Ama figure

te Tests Budge ovanni Goria, challenged by to Parliament on Monday for ion government ould vote twice in open we alition loyalists, is to sup a lire (\$84 billion) from box by the Communist opposit

Saturday by Treasury Mine Italy could not go on dign Strong Showing f the economic policies of his

pectedly strong showing is a šunday. ising unemployment and me the seats on the party's policy

owed 54 dissidents arrested to we the country, West Game

ance will announce it Mai rm as president in elections de atial possibility, Michel Rocal

PDATE

ts From Rome irline Alitalia and its subside om Rome on Sunday, and at thorized strike by ground at

also planned three-hour at on leaders, the strike organic icreases and changes in with hour stoppage by ground staff is Feb. 10 is the state-run rulroad area. ous hours. Rail strikes are

kers at the Tirrenia Navigna hours sometime between first French domestic units of fuesday but said that they are in airline's practice of charge

ed to normal over the substitute. but new strikes could at

be closed or services certain f national and religious house.

Margan Guerran Trist (a line

sticks with you." "As was so often the case,"
notes Caryle Murphy in The
Washington Post, "King's words

proved prophetic."

Egg consumption is still dropping. In 1976, Americans ate 276 eggs a year per capita. This is expected to fall to 246 this year. year, according to the U.S. Department of Agriculture. It said concern about cholesterol and



As Iowa Caucuses Near,

Optimism on Economy

already gone broke, who wasn't go-

ing to be around come spring, when

But these days, says Bob Rosene, who owns the local farm-imple-

ment dealership, the conversations

are different, more upbeat. "These

boys are talking about buying the

80 agres next door or trading up for a new combine," said bir. Rosene, whose own business last year was

as good as it has been any time since the 1970s. "I don't think any-

In about two weeks, voters in

Perry and other towns across Iowa

preference for president in the state's political caucuses.

While the farm recession has left

deep scars in Iowa's raral land-

of supporters at next month's cau-

Martin Terrill, who is a sheep

farmer and also acts as a mediator

in farm-creditor disputes in Dallas County, added: Things have been

rhetoric in recent weeks has turned,

in part, on the rhetorical question:

is the farm crisis over in lowa? The

question, essential to the politics of

dominated by agriculture, is sure to

the presidential contenders in

deed, become better, both for

ployment is down, and land values,

which fell 65 percent over the previ-

cent last year. Meanwhile, the cu-

state where the economy is so.

was time to plant the com.

In the Republican presidential race, Senator Bob Dole of Kansas finds that the farm bill passed by Congress in 1985 is a useful leitmotiv for one of his central themes in lows: that he hails from a Middle Western larm state and thus understands the region's problems better than Vice President George Bush

Reminding a campaign gather ing in Dallas Center last week of his role in shepherding the legislation through Congress, Mr. Dole said: "The '85 farm bill has meant a lot one would say the crisis is over, but to this state. There may be one or there is definitely a better attitude two farmers in the audience today who wooldn't be here without it." However, Democrats such as

Representative Richard A. Gep-Perry and other towns across town hardt of Missoun, who has can will gather in their churches and hardt of Missoun, who has constituent town halls and schools to vote their paigned extensively in rural areas town halls and schools to vote their paigned extensively in rural areas town halls and schools to vote their paigned extensively in rural areas town halls are arranged has around among family farmers, has argued that the crisis endures.

Dixon Terry, head of the League scape, and as many as a third of the of Rural Voters, one of several prostate's larmers still are in some financial distress, the fact that the provement in farm income last year was illusory.

rural economy did improve in 1987 probably has blunted the political The reasons that 1987 was a pact of the farm problem. It also better year had nothing at all to do has diluted an issue that Democrats with national larm policy," said hoped would yield a bumper crop Mr. Terry. "It was a result of good weather and bumper crops and a better market for livestock." "When the pig's not caught un-der the gate, he doesn't squeal," said Mr. Rosene. Farmers are still at risk, he says,

as a result of a federal larm policy that, more and more, has made farmers depend on government subsidy checks for their survival. Mr. Terry says he is incensed by those who say the crisis is over. He down so long, everyone needed a said: "It makes me angry that my parently a suicide.

year like this. Everyoody's ready neighbors, hearing this talk, are for some optimism."

The man, tentatively identified as Bancho Banchewsky, 82, a Bulladed, much of the political wrong with me? Why am I the last garian-born singing coach who was one who is still in trouble?"

But for others, things have clearly turned around. Dennis Schwitters, executive vice president of the Iowa-Nebraska Farm Equipment Association in Des Moines, said emerge in the final debates among that because of the subsidies, net farm income has improved and money is circulating in local towns, easily retained count over the that indicate that things have, in means and seed and fertilizer.

"So what if the money comes small, family farmers and for large from subsidy payments rather than agribusinesses. Statewide unem-"That money spends, too." At the same time, Mr. Schwitters

ous four years, chimbed 11.2 per- and others concede that the effects of high interest rates earlier this mulative real estate debt among decade, followed by a cycle of low farms and farm households in lowa commodity prices and high pro-

ter. In a speech before the com- are now only 417.



John B. Connally Jr. and his wife, Nellie, viewing some of the household belongings they will part with due to bankruptcy.

By Elaine Sciolino

for International Development.

Brazil Seeks

Arms Sales

In Mideast

By Juan de Onis

International Herald Tribune

ently making a successful drive in

the Middle East arms market to

expand its position as the largest

arms exporter among the develop-

Early this month, the 42-ton Bra-

zilian tank Osorio was selected by

Saudi Arabia, which will purchase

1,200 of the vehicles. And last

week, a high-level Libyan military

mission visited Brasilia to discuss a

The value of the Saudi contract, ased on a total of 1,200 tanks. would be \$5 billion, according to

Engesa, the Brazilian manufacturer. Brazil has agreed to set up an

assembly plant for the tanks in

Saudi Arabia and to train mainteoance personnel. The first 236

tanks are to be delivered this year.

The largest previous loreign arms contract won by a Brazilian

manufacturer also was with Sandi Arabia, a \$500 million deal under

which Avibrás Sistemas Acrospa-

cias is delivering Astros-2 multiple

rocket launchers.

Brazil's large industrial capacity is the basis for the country's com-

petitive arms industry. In 1987 steel

and automotive plants in Brazil

produced \$3 billion of goods for

export.
The country has established its

credentials as an arms supplier in the Middle East by selling of bil-

lions of dollars worth of weapons

to Iraq, almost since the start of the

war with Iran. The main items that

Brazil has provided to Baghdad

have been armored personnel carri-

ers, combat cars for desert condi-tions and missile launchers. In 1986, Brazil bid successfully

to supply Egypt with 1,000 Tucano jet trainers. The Tucano is pro-duced by Embraer, the Brazilian state aircraft enterprise. Embraer

also manufactures the Bandeirante and Brasilia passenger airplanes. Embraer, in a joint venture with

Italy, is preparing to produce the sub-sonic AMX fighter-bomber at a manufacturing plant in São José dos Campos, in São Paulo Prov-

In price and technology, this tac-tical aircraft has been designed to

be accessible to developing coun-tries. It also will be used by Italy, and will replace old U.S. F-5s in the

Brazilian tactical command.

The visit to Brasilia of the Liby-an mission, led by Colonel Ahmed Mahumad Ali, director of procure-

ment for the Libyan Army, marked

the last stage of a rapprochement between the two countries after a

Libya, which earlier had pur-chased Brazilian military vehicles such as the Urata array of person

nel carrier and the Cascavel ar-

mored car, was cut off from Brazilian sales in 1984 after Brazil

discovered an arms shipment

bound for Nicaragua aboard a Lib-

yan cargo plane.

The Libyan aircraft had landed in northern Brazil for refueling. A

manifest said that the plane was carrying "humanitarian" supplies.

nel Ali met with the army minister, General Leonidas Pires Gonçalves;

the air force minister, Brigadier

Otávio Moreira Lima; and Roberto

de Abreu Sodre, the foreign minis-

The newspaper O Estado de São

Paulo quoted Army Ministry

sources as saying that the Libyans

had shown interest in a new line of

ground-to-ground missiles with a

range of up to 620 miles (1,000

kilometers). There was no com-

During the visit last week, Colo-

1984 diplomatic incident.

major purchase of tanks and mis-

siles estimated at \$2 billion.

ing countries.

BRASILIA - Brazil is appar-

Auction Tarnishes a Tough Texas Icon

By Peter Applebome

HOUSTON - His eye took in a quartermillion-dollar painting, fabulous antiques and imposing mementos of fame and power. but as he looked across the possessions of a lifetime on Friday, John B. Connally Jr. found himself musing about a 12-gauge shotgun he won at the Grand National Quail Shoot in Enid, Oklahoma, in 1967.

"We had a team from Texas that competed against 30 teams from around the country, and after two days of shooting we won first place," said the former governor of Texas, U.S. Treasury scoretary and presidential aspirant. "I hate to lose that There's a story behind almost every one of the 1,100 items you see here. It's more than giving away a physical item. It's giving away a part of what

There were a lot more than personal stories being told Friday night as Mr. Connally, 70, and his wife, Nellie, began a four-day bank-ruptcy auction in which they will sell off everything from Spode and Royal Copenhagen china, to the pecan desk and leather chair

he used as governor, to a washer and dryer.

The fall of Mr. Connally, whose silver hair, steely gaze and self-confidence seemed to epitomize Texas, has hit the state as a public tragedy as much as a personal one. And the story of Texas' giddy boom and painful bust was being played out one more time, in perhaps its most resonant form, in a remarkable auction complete with Texas barbecue, white wine and hlack humor.

"It would break my heart to give this up, and I'm sure it's breaking theirs," said Betty

Stansell, a local resident who inspected the sale items Thursday. "I wonder what people in New York or Chicago are thinking. I wonder if they're laughing or if they're sad or if they care. I guess some people are enjoying seeing Texas get its due, but the truth is we have a lot to be proud of, and we're by no means dead. Like Mrs. Connally said, they'll come back and so will Texas. The auction, which nearly sold out its \$15

'It's more than giving away a physical item. It's giving away a part of what we are.'

John B. Connally Jr.

entry tickets Thursday, is an attempt to pay back some of the \$49 million Mr. Comally owes creditors. It is expected to bring in \$2 million to \$3 million.

Mr. Connally filed for bankruptcy July 31 after the collapse of his real estate investme partnership with former Lieutenant Governor Ben Barnes. The partnership took out many of its loans on Mr. Connally's signature, leaving him personally liable.

Under the terms of the bankruptcy filing, in which he sought protection from creditors' lawsuits while reorganizing his affairs under Chapter 11 of the federal bankruptcy law, Mr. Connally retains \$30,000 worth of personal property and 200 acres (80 hectares) of the 3,400 acres of his homestead at the Picosa

Ranch, south of San Antonio. With pensions from government posts, seats on several corporate boards and business connections throughout the state, Mr. Connally does not face anything approaching poverty.

But given a reputation for self-assurance that often has struck critics as arrogance, Mr. Connally's highly public promotion of the auction so as to maximize revenue for creditors has struck a particularly poignant note in

Skeptics say it was Mr. Connally's over-arching ambition and poor judgment as well as the state's economic downturn that led to his ruin. And some say those he did business with stand to suffer more than he will.

But there were few if any doubters among the thousands who inspected his collection or the 2,000 people at the auction. To them, Mr. Connally remains something of a Texas icon. whose fall only confirms how badly the state has been hurt by the collapse in oil prices since 1985.

For Mr. Connally the auction marked a low point in a career as tumultuous as the state's.

He was wounded on Nov. 22, 1963, by the assassin who killed President John F. Kennedy in Dallas, was acquitted on bribery charges while serving as Treasury secretary and spent \$12 million on a run for the 1980 Republican presidential nomination that net-ted him one delegate.

Mr.: Connaily said he planned to begin his

autobiography in the coming year. Asked where his current problems fit into that saga, he did not miss a beat.

"Probably Chapter 11," he said.

Apparent Suicide U.S. Aid to Religious Schools Abroad Questioned In Audience Halts **Production at Met**

New York Times Service NEW YORK - An elderly man fell to his death from the top balcony of the Metropolitan Opera House in Lincoln Center during an intermission of Verdi's "Macbeth." The police said the death was ap-

a frequent patron of the opera, fell 80 feet (24 meters) into the rear of the orchestra Saturday afternoon. Witnesses said he struck a lower balcony rail, landed oo unoccupied seats near the left center aisle and

fell into the aisle with a broken seat atop him. A woman sitting nearby was grazed but unhurt. The manwas pronounced dead at the scene, the police said. A witness said that during the

first intermission in the four-hour production the man sat on the balcony railing, rocking back and forth, until two ushers pulled him away. During the second intermission, the witness said, the man again climbed ooto the railing, and when a male usher approached him has been dropping steadily, falling duction costs, has changed irrevers-to \$7.2 billion at the end of 1986, ibly the state's rural landscape.

Many in the full house of 3,800 had left the theater during the in-

Republicans, for the most part, farm-implement dealers in Nebras- termission. The remainder of the on nationwide radio, was canceled.

The program, American Schools Management and Budget, the grant that actively promote the separa. The recipients must "reflect Amerid Hospitals Abroad, has since was successfully maneuvered tion of church and state in the can educational ideas and practice" and Hospitals Abroad, has since was successfully maneuvered New York Times Service
WASHINGTON — The United 1971 quietly financed Jewish, Cath-through Congress by Senator Danolie and Protestant schools and iel K. Inouye, Democrat of Hawaii, hospitals in Africa, Latin America, as part of the \$604 billion appropri-States has funneled tens of millions of dollars to religious-affiliated schools and hospitals around the Asia and the Middle East. The ation bill signed into law last most sensitive part of the program month by President Ronald Reaworld under a little-known prohas involved grants to Orthodox gan. Although the appropriation gram administered by the Agency Jewish institutions in Israel whose was not made as part of the schools primary purpose is to teach reli- and hospitals program, it raised

> state, according to Reagan admin-istration officials and legal experts. "It's clearly unconstitution foreign aid overseas, says the pur-

ing world. The disclosure of the program's American Jewish newspaper, followed a widely criticized \$8 million federal grant for the construction of schools in France for North African Sephardic Jews.

Despite the objections of the never been tested. State Department and the Office of

larger questions about government Many of these institutions would financing of religious institutions.

be ineligible for government money On Friday, the American Civil if they were in the United States' Liberties Union announced it was because of the constitutional prin- planning to take legal action to ciple of separation of church and prevent the money Irom being "It's clearly unconstitutional,"

The Agency for International said John A. Powell, the organiza-Development, which administers tion's national legal director, "Its purpose is to establish a religious pose of the schools and hospitals institution to educate a particular program is to educate and train sect of children and it does injury students, primarily in the develop- to different religious organizations io this country. The Civil Liberties Union said it

financing patterns in a recent arti- also intended to investigate whethcle in Washington Jewish Week, an er any U.S. funds should be spent on religious-affiliated schools and hospitals abroad that would oot be eligible for government assistance if they were in the United States, an issue whose constitutionality has

Several Jewish organizations

United States would not comment and be open to all applicants, reon the issue. Marc Stern, co-director of the

legal department at the American Jewish Congress, said: "Such funding in the United States would be unconstitutional, but we've oever taken a position on the application of the Constitution overseas."

Committee, the leading American pro-Israel lobby, said the organization takes no position on the issue, According to documents of the

such religious schools as Ohr Somayach, a girls' affiliate of a yeshiva in Jerusalem; \$400,000 to Shaal-vim Teacher's College, which trains teachers for Hebrew and day schools and yeshivas, and \$500,000 Hassidic college in Jerusalem. It \$200,000, a Protestant-affiliated has given \$750,000 since 1983 to medical college and hospital in In-School, a Hassidic girls' school.

tions, grants are awarded on a com- versity, a school run by the Chrispetitive basis to schools and teach- tian Brothers to the Israeli-occusponsored by U.S. organizations, million.

gardless of religion. The grants are not to be given

"to train persons for religious pur-suits" or to construct facilities "for worship or religious instruction. State Department officials and AID administrators acknowledge that some schools that apply for

A congressional specialist with and receive grants do not appear to the American Israel Public Affairs qualify under these rules, but that intense congressional pressure has helped push them through. In addition to the religious training schools in Israel, dozens of othschools and hospitals program, it er schools and hospitals with vary-has given \$2 million since 1985 to ing degrees of religious affiliation have been financed in recent years.

Last year, for example, the program gave three Roman Catholic colleges to the Philippines more than \$2 million, an Adventist hospital in Bangkok \$300,000, a Presto the American College of Belz, a byterian-affiliated hospital io Haiti the Beth Rivka Comprehensive dia \$700,000 and an Episcopalchool, a Hassidic giris' school. sponsored college in Liberia Under the program's regula- \$720,000. In 1984, Bethlehem Uni-

iog hospitals abroad that are pied West Bank, received 51

AMERICAN

TOPICS

We Shall Overcome: How It Came to Be

"We Shall Overcome," the anthem of the civil rights move-ment, originated in the oral tra-dition of black spirituals. The authors of the words and music, if indeed there was a single au-thor of cither, are lost to history. It began with the words "I'll Be All Right" when it was sung in black churches at the turn of the

The opening words, which form the title, had changed to "I Will Overcome" by the time to-bacco workers in Charleston, South Carolina, sang it on the picket line during a 1946 strike. They changed it to "We Will Overcome." A year later some of the for-

mer strikers took part in a work-shop at the Highlander Folk School in Monteagle, Tennessee, and sang the song there. The school's music director, Zilphia Horton, published it in song-books sent to labor organizers. books sent to labor organizers. By the mid-1950s it was a standard at progressive gatherings. Pete Seeger, the folk singer, is credited with changing "will" to "shall" and adding a second verse. The song was copyrighted in 1963 by Miss Horton, Mr. Seeger and two other folk singers, Gny Carawan and Frank Hamilton. All lour are white. All rovalties so to a Highlander

royalties go to a Highlander school fund for black songwriters and composers.

In 1957 Mr. Seeger sang it to
the civil rights leader, the Reverend Martin Luther King Jr., who remarked; "That song it really

Short Takes

At the peak, in 1945, a typical American consumed 400 cggs a changing tastes in food account

for the drop. Isidor Issue Rabi, the 1944 No-bel prizewimer in physics who died Jan. II in New York at 89;



A HAIR RAZING EXPERIENCE — Joe Van Bartheld is not sure a punk haircut is his style as a trainee barber at the School for Cosmetology in Gadsden, Alabama, gives the youngster what looks like a pretty close shave on both sides of his head.

out ever intending it," according to a letter in The New York Times, Donald Sheff recounsed that Mr. Rabi once explained it to a munal friend, medical re-searcher and art collector, Ar-thur Sackler, who fied last year. Mr. Rabi said: "Every other Jew-ish mother in Brooklyn would ask her child after school, "So? ask her child after school, 'So? Did you learn anything today?' But not my mother. She always asked me a different question. 'Izzy,' she would say, 'did you ask a good question today?' That difference — asking good questions — made me become a scientist."

Notes About People

After Dan Rather, the television anchorman for CBS News, walked off the set of a delayed newscast to October, leaving the network to go black for six minutes, his predecessor. Watter Cronkite, said, "I would have fired him." Recently Mr. Rather, asked in a Washington Post inwas fond, of saying that "my terview to comment on this, said: mother made me a scientist with-

there. Walter's a great journalist, justified living legend, and naturally I'd like always to do things of which he approves. It turns out that no matter how hard I try to do things of which he approves, it just isn't possible. I like him. I hope he likes me."



board and he's entitled to say whatever he wants to say. And
I'll leave that there. Maybe I
shouldn't leave it there, as a matter of fact. I don't want to leave it "Bird," the story of the saxo-

phonist Charlie Parker, is the second film Clint Eastwood has directed but not acted in, the other being "Breezy" in 1973. Mr. Eastwood told The Washington Post that the night before he began the 1971 film "Play Misty for Me," of which he was both star and director, he was both star and director, he was lying in bed running each shot over in his mind, feeling uneasy that he had somehow forgotten something. What he had forgotten was that he was also sharing the lead with Jessica Walter. "I thought, 'Oh, my God' and switched on the light and started to memorize pages of dialogue."

to memorize pages of dialogue." -ARTHUR HIGBEE

AMERICA

TOWARDS RENEWED GROWTH

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FEBRUARY 11

NEW INITIATIVES IN MULTILATERAL LENDING Antonio Ortiz-Mena, President, Inter-American Development Bank. SPECIAL ADDRESS Speaker to be announced.

BREAKING THE DEBT CIRCLE: WHY LATIN AMERICA NEEDS MORETHAN CURRENT DAMAGE LIMITATION MEASURES

Belisario Belancur, former President, Colombia Str Jeremy Morse, Chairman, Lloyds Bank PLC, London. FROM DEBTTO NEW FOREIGN INVESTMENT Mauricio Garcia-Araujo, President, Central Bank of Venezuela.

DISCUSSION ON MORNING SESSIONS

THEURUGUAY ROUND AND THE CHALLENGE FOR NORTH/SOUTH COMMERCIAL RELATIONS Arthur Dunkel, Secretary General, GATT, Geneva. Enrique Iglesias, Foreign Minister, Uruguay.
THE RESTORATION OF TRADE AND FINANCE FLOWS *Giuliano Amato, Treasury Minister, Italy . Nicolás Arcito-Barletta, former President, Panama . Pedro-Pablo Kuczynski, President, First Boston

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FEBRUARY 12

HOW THE COMMERCIAL BANKS SEE NEW DEBT

INITIATIVES
William Phodes, Chairman, Restructuring Committee, Citibank, N.A., New York. Franz Lutolf, General Manager, Swiss Bank Corporation. Richard Marin, Senior Vice-President, Bankers Trust Сотралу

OPENINGSTO FOREIGN INVESTMENT
MEXICO: Gustavo Petricioli, Finance Minister
ECUADO: Recordingo Espinosa, President of the Monetary Board
COSTA RICA: **Fernando Naranjo**, Finance Minister
DISCUSSIONS ON MORNING SESSIONS

Luncheon MULTINATIONAL COMPANIES' INVESTMENT PERSPECTIVES IN LATIN AMERICA: Jean-Jacques Faust, Délégué Général au Brésil et en Argentine, Compagnie de Saint-Gobain, Rio de Janeiro. Gerrit Jeelof, Vice Chairman, Philips Industries, Endhoven. CHANGING APPROACHES — BRAZIL'S PRIVATIZATION

Speaker to be announced.
PERU'S NEW FINANCING SCHEMES Guillermo Larco-Cox, Prime Minister, Peru. Closing Remarks

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Herald Eribune. Published With The New York Tignes and The Washington Post

Thuggery Cuts Two Ways

to believe that it can restore order in occu-pied Gaza and the West Bank by resorting in brazen brutality and betraying its own values. How can that open a path to serious

political talks with the Palestinians?
Defense Minister Yitzhak Rabin believes that be finally has the answer to six weeks of unrest. "The first priority is to use force, might, beatings." He means it. The Israeli army has been sent door to door to beat Palestinians into submission, even if that means breaking the bones of women, children and old men. That way, in Mr. Rabin's view, nobody gets killed and everybody gets the message.

It should not for a moment be thought,

however, that the Israeli authorities lack sensitivity. They are sending in teams of psychologists to allay the effects of the

beatings. On the soldiers.

Do these actions truly reflect the considered judgment of the coalition cabinet or the Israeli public? If the answer is yes, then the state that nace promised deliverance to the oppressed bas truly lost its way.

Granted that the tormenting problem of the Palestinians is one for which the Arab world must share responsibility. Granted that Israel is understandably anxious tn end the unrest. Granted that many Israelis yearn in exchange occupied territory for real peace. Israelis grasp better than anyone else the need for a political modus vivendi, once the unrest can be contained.

restore order, then search for partners in

Bank and Gaza a degree of autonomy pending a larger settlement. But this as-sumes that the means used in quell unrest are distinct from subsequent negotiations. Beatings breed rage and despair.

Israel was caught by surprise when demonstrations boiled up in Gaza and then spread even to the Temple Mount in East Jerusalem. Troops untrained in civil disorder were permitted to use live ammunition, a blunder. Faced with television and an uproar around the world, Mr. Rabin seized on his new policy of bearings.

The main target is the teen-age rioter who now can be detained for only 18 days. "But if troops break his hand," explains the military correspondent of the Jerusalem Post, "he won't be able to throw stones for a month and a half." Or, in Mr. Rabin's words: "I preler a photo of a curfew over shooting, burning tires and petrol bombs."
Thus does a truly bumane country with a democratic government that is determined to deny parallels with South Africa invite parallels with South Africa.

Israel's effort to restore order in the occupied territories is surely tormenting. Washington, too, has a role to play in opening blocked channels, something to be explored when President Hosni Mubarak of Egypt sees President Reagan this week. But there can be nn serious talk about policy until Israelis recognize something else. When a democratic government turns to thuggery as That seems in be Mr. Rabin's aim: First a policy, it risks losing far more than control. - THE NEW YORK TIMES.

Vietnam Moves Slowly

Vietnam's Communist rulers, nearly 13 tance figure, continues pressing in what is years after extending their power from north not only a civil war in Cambodia but also an to south, are making their most concerted effort to find a more normal position in the world, but they are proceeding so slowly and hesitantly that the outcome is anything but ensured. The irony of it is the extent to which progress hinges on the United States, the country they defeated in the war.

Evidently Nguyen Van Linh, the new party secretary, has been examining the disaster of his economy, noting the accomplishments of free-enterprise Asian neighbors and perhaps peering at China's bold economic ex-periment and listening to his impatient creditors in Moscow. Vietnam is starting to dabble in Gorbachev-type economic reforms and to troll for foreign investors. While thousands of prisoners are still in "re-education camps," blue jeans can be seen in Hanoi. But although its neighbors are trading more with Vietnam, they are restrained by its continu-ing occupation of Cambodia. Honda was

puppet in Phnom Penh, Hon Sen, has just and deserving group. This is the road on met twice with Prince Sihanouk, veteran leader of the weakest resistance faction. But the murderous Pol Pot, the principal resis-

not only a civil war in Cambodia but also an intense proxy struggle between the People's Republic of China, supporting Pol Pot, and the Soviet Umon, supporting Vietnam, The United States demands that Vietnam go home. Relief awaits Chinese-Soviet developments, barring a (surprise) decision by Viet-nam to leave Cambodia on its own.

The immediate and abiding U.S. concern is an accounting of the 1,700 Americans still listed as missing in action. President Reagan sent General John Vessey to Hanoi last August, and the general returned with an understanding that Vietnam would help resolve MIA cases and Washington would encourage private organizations to send humanitarian aid for Vietnamese who lost limbs in the war. Hanoi undercuts this modest arrangement by delaying on MIAs and repeatedly injecting a demand for direct U.S. aid, something that cannot even be considered while the MIA and Cambodia issues fester,

ready to open a motorcycle project; American pressures, among others, killed it.

In a welcome political initiative, Hanoi's children and their families, a much abused and descripe group. This is the road on which it must go much farther for an accommodation with the outside world.

-- THE WASHINGTON POST.

For a Multilateral Force

cated the political tragedy there. Lieutenant General Flenri Nampby will now claim to have kept his pledge of providing for an elected successor by Feb. 7, the second anniasary of Jean-Claude Duvalier's departure, occds to be demonstrated vigorously here. Never mind that in doing so the general has trampled on Haio's new constitution. The United States correctly denounces the

electoral farce, maintains its aid cutoff and gropes for effective policies. The fumbling reflects the Reagan administration's ambivalence about Latin dictators and democrats. The only way to bring direction and a sense of values to policy is for the administration to heed the pleas of Haiti's democratic politicians. All four front-runners from the aborted November election have repeatedly asked democratic nations to reject this month's vote and to press for a prompt legitimate election. All have endorsed an oil embargo, and some have called for a multinational force in protect a fresh vote.

The logic of present U.S. policy is to use limited economic pressure to get the Hai-tian business elite to break with General Namphy. Washington also would rather not add to the suffering of the poor, politicize the oil market or antagonize Latin Americans by military intervention. These are worthy considerations but in the Haitian case they must yield to more compelling concerns.

Washington engineered the flight of Jean-Claude Duvalier and backed the Namphy junta as the best way to ensure orderly

The elections in Haiti have only compli- elections. In doing so it put its own credibil-

In Haiti, at least, it is clear that the democratic alternative exists, and enjoys wide support. The Haitian poor, who risked their lives to demonstrate first against Jean-Claude Duvalier and oow against General Nampby, understand that freedom cannut be won without cost. Ordinary Haitians are still prepared to accept sacrifice.

An administration willing to take conomic sanctions against Nicaragua cannot credibly rule nut others against Haiti. Finally, Latin attitudes toward interven-

oon depend on its character. A multilateral peacekeeping force, under the auspices of the Organization of American States, could give democrats the protection they need against Duvalienst thugs. Aggressive regional diplo-macy, Arias-style, has won broad Latin sup-port. Yet the OAS remains paralyzed and the Caribbean regional organizations that were so active over Grenada have preferred to run away from the problem in Haiti. A serious diplomatic initiative by Washington could

conceivably change their minds.
The Reagan administration, having once put itself forward as the virtual guarantor of Haiti's democratic transition, cannot now, in decency, merely wring its hands.

-THE NEW YORK TIMES

Other Comment

For Elections in Hong Kong

Hong Kong is one of the last real inter-national issues for which Britain bears direct responsibility. Whatever we do there affects the lives of nearly six million people, three million of them British subjects even though their passports forbid them to live in Britain. These are decisions we must get right, the more so now that the bandover to Beijing in 1997 is getting closer and the desire to bow to Chinese interests grows consequently stronger. The crucial question in Hong Kong now is direct elections to the 56-member Legislative Council: how many members should be elected and when, and should we risk China's disapproval to push

them ahead? Whether such elections should take place is no longer an issue. But when? The right time is now. The sooner Houg Kong people see that elected leaders are in place and speaking to them, the better will be the chances of what both Loudon and Beijing say they wish to sustain: prosperity and stability. Those who know the territory well fear that 1991, the date of the next possible election, will be too late. Beijing has everything to gain from gracefully accepting such elections. Assenting to direct elections now would demonstrate that the Chinese are oot plotting to dominate politics in the territory before 1997, and instantly secure international acclaim for Beijing's forbearance.

- The Observer (London).

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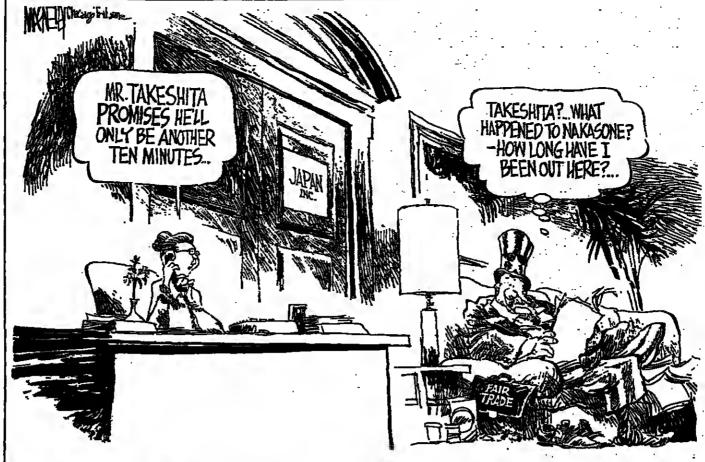
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America's Involvement With Japan Can Grow

WASHINGTON—To America's other allies, its strong ties with Canada and Japan are sometimes a source of surprise. With Canada, the bond seems more rational; Canadians and Americans share a border, a long international history and one of Canada's two languages. But it can seem strange to the rest of the world that the United States and Japan — Jormer enemies, separated by a vast ocean, with clashing cultural instincts, a difficult language barrier and serious economic tensions — have forged such close ties.

After Prime Minister Noboru Takeshita's re-cent visit to Washington, it is fair to speculate that the U.S.-Japanese economic alliance can go even deeper. Canada may be next door, but in the past 10 years the U.S. and Japanese economies have grown increasingly interdependent, not only on the trade side but in investments. "Look at the United States and Japan as an

integral, coupled economy, and the imbalances you see disappear," said Percy Mistry, a former World Bank adviser who teaches at Oxford University. It would be hard to imagine America without Japanese cars and other consumer goods, and without the flow of investment money that helps finance the U.S. budget deficit. It would be equally tough for Japan to replace its U.S. market and the acquisition of new technological ideas. But the U.S.-Japanese relationship goes be-

yond economic and financial affairs to include military security. As the U.S. ambassador to Japan, Mike Mansfield, likes to say, it is the most By Hobart Rowen

important bilateral relationship in the world. That is why it is important to defuse irrational responses in America over the huge Japanese trade surplus, as well as bitterness in Japan over America's seeming inability to put its economic house in order. The mutual bashing serves no purpose. The U.S. trade deficit with Japan has to be put

into context: It is only part of America's global economic problem. Much of the deficit is the result ant of unfair trade practices but of failed macroeconomic policies. Reaganomics produced an overvalued dollar that helped price U.S. manufacturers out of foreign markets.

Inattention to quality and a certain diffidence about fighting to get into overseas markets were costly to American companies. Now, they have to fight to regain lost market shares.

Japan has resisted the importation of manufactured goods from the rest of the world. Its single-minded drive to increase its economy and power through exports ignored the needs of its citizens for housing, recreational facilities and other amenities. But Mr. Takeshita's visit may be the beginning of a basic change. As a senior Reagan administration official observed, "What we are trying to do here ... is to have Japan become more of an import-oriented society." Takya can boast of some early success. In response to pressure from America and others,

Japan achieved a 5 percent growth rate in domestic demand last year, while activity attributed to exports was down 1.3 percent. That yielded a net growth rate of 3.7 percent, faster than those of most of Japan's major trade partners. A similar pattern is projected for this year, meaning that a new generation of Japanese is beginning to break away from its habits of huge savings and minimal consumption. Once again, Japan has shown an ability to defy conventional wisdom, surviving

the high yen to become an economic superpower.

Privately, senior administration officials acknowledge that just as Japan is shifting somewhat from being export-oriented to being more import-oriented, America must cool its passion for imports and become export-oriented so as to reduce its huge current account deficit.

Although the Japanese business community will resist a "hollowing-out" of industry there, the advantages of overseas investments (for as long as the dollar remains low) will be self-evident. The Economist quotes Kazuo Nukazawa of Keidanren, the business federation, as saying that Japa-nese investors want to feel "the wind of the future" blowing on their faces from America's universities and other high-tech sources of learning.

What can be foreseen is a blending of American technological ingenuity with sophisticated Japanese manufacturing processes that have proved successful. Such a reinvigorated industrial base could help restore America's export potential.

The Washington Post.

Verification: An Ambitious Challenge to Engineers The United States and the Soviet.

WASHINGTON — As the U.S.
Senate begins hearings on the INF treaty a crucial issue will be how to detect potential Soviet violations, and so forth. The end result, after processing an entire data stream thousagreed to U.S. proposals regarding on agreed to U.S.

structures such as silos and bombers, the INF and START treaties would restrict individual small missiles. Consequently, standard monitoring

systems - surveillance satellites and electronic intelligence - will not be sufficient. Extensive cooperative measures will be needed. Trucks and railroad cars must be inspected; plant gates, grounds and fences watched; small weapons examined for nuclear content. And the INF pact requires new systems for continuous monitoring of missile production facilities.

Exactly what kind of sensors will be placed on Soviet soil is still being decided. But research on on-site inspec-tion systems — involving tamper-re-sistant fiber optic seals, video alert and data encryption systems, infrared surveillance arrays and more - is already under way, much of it at Sandia National Laboratories in Albuquerque, New Mexico, which AT&T runs for the Department of Energy.

Problems abound when working in an adversary's territory. For one thing, the verification system must ensure that each side can trust the authenticity of the on-site data. That produces a paradox: The Soviets must be assured that information gathered is for verificacon only — not espionage — and agrees with the facts. Thus, data cannot be encrypted. But the United States must be confident that streams of data, traveling through open chan-nels in Soviet territory, are not forger-

ies. Thus, encryption must be used. Cracking that puzzle Ialls to San-dia's Gustavus J. Simmons, a mathematician with a footlong beard and a fattop colf who has been solving such brainteasers for 20 years. He and his colleagues are perfecting a data system

that guarantoes integrity.

The technique that Washington will propose to the Soviets is the least so-phisticated of Mr. Simmons's ideas, but it has already passed the scrutiny of codebreakers at the National Secu-rity Agency and was discussed with the Soviets in the '70s. It has proved reliable at U.S. seismic stations in Norway that glean data from Soviet underground nuclear tests.

The system works by attaching an authentication "word" to the output of a monitoring device such as a camera. The output, in the form of a long binary sequence (strings of 0s and 1s), is fed into a computer, which breaks the data up into small blocks of, say, 64 bits. The first block is encrypted with a secret key which produces a 64bit cipher held in the computer's mem-ory. As the second block arrives, each lement in the cipher is matched with its corresponding element in the sec-ond data block. If the two elements are

to detect potential Soviet violations, and so forth. The end result, after processing an entire data stream thousands of bits long, is a final 64-bit sands of bits long, is a final 64crypted monitor output and sent.

Nothing in the process prevents the Soviets from scrutinizing the data while it is sent. And the United States can verify the result by running the received data through the same eu-crypting procedure using a copy of the secret key. If the final cipher generated matches the one appended to the original monitor cutput, then the data are genuine. Just as corning the number of grooves in a housekey makes it harder to pick the lock, the more variables there are in a cipher key, the less the likelihood of cracking the code.

for continuous monitoring of a Soviet weapons production plant. It also wanted a working model of the site.

The project was given top priority.
Within two months the Sandia team produced a tabletop model showing the section of a typical Soviet missile factory which includes the main portal. The Pentagon displayed the model in infficials from the White House, State Department of a missile carrying how a missile carrying how a missile carrying truck riggers a suite of express to truck triggers a suite of sensors to record weight and other data.

One U.S. official called it a "good Shortly before the 1986 summit in marketing tool which beloed policy makers visualize potential problems.

weight sensors, vehicle sensors, surveillance systems and vehicle dimensional measuring equipment." Also, "oon-damaging image-producing" gen will be installed to examine oxiteuts of shipping containers and launch canisters. The goal is to devise a system that automatically collects and records data 24 hours a day. The monitoring system must be accurate enough to detect potential violations but work last enough so that

Union have agreed that INF monitoring systems for the exits will include

traffic flow is not unduly impeded. And because deployment within Soviet borders precludes use of trade-secret equipment, engineers must create highly reliable systems composed mainly of war arrang available grad.

The writer is associate editor of IEEE Spectrum, the monthly maga-zine of the Institute of Electrical and Electronics Engineers. He contributed this comment to The Washington Post.

Get to Work on Verifying Verification

By Evgeny Chossudovsky

GENEVA — After a constructive only as a guarantee of compliance but also as a framework for a common cern that the Iollow-up proceeds without major hitches. For we are eotering a new process: verifiable dis-success of the verification regime? manding or substantial reductions of

nuclear and other types of weapons. ing the inspectors, who should be Since 1917 the predominant feature of U.S.-Soviet relations bas been mutual distrust. The INF treaty now provides for an unprecedented and comprehensive regime of verifica-tinn, quite unthinkable only a few years ago, that includes a system of but verify"— an expression I much resident inspectors at key sites.

Although born of suspicion, inspec-tion can be an instrument for reducing mistrust and ult may helping to build confidence the ough proven com-pliance and predictable behavior.

The Geneva summit of November 1985 was a turning point, for it was

motivated by agreement on, as a joint statement put it, "the need to improve U.S.-Soviet relations and the international situation as a whole." There was a basic recognition that "a nuclear war cannot be won and must never be fought." At the same time it was clear that any arms control or reduction treaty between the two countries had to contain "effective measures for verilication of obligations assumed."

Senior for policy officials were put in charge of the Geneva negotiations. Despite a lot of hard, thoughtful work, the text of only one treaty, in-cluding a protocol embodying the ver-ification regime, could be finalized for signature at the Washington summit. Such a regime, the first of its kind, could not have been elaborated with-

out military specialists. Praise is due in the contribution of Paul Nitze and Sergei Akhromeyev, military men

 Procedures are needed for selectmon sense, an appreciation of the unique nature of their tasks and the ability to tackle them in the right spirgan quote the Russian saying "Trust but verify" — an expression I much prefer to "Check on cheating.")

 Flexible provisions should be devised to settle any misunderstandings between imperiors and local officials quickly and quartly. Coloure E.D. Doyle, the Irish chief observer of the ID. Observer. Mission in the Single UN Observers Mission in the Sinai desert in which U.S. and Soviet officers participated for some years, re-called in The Irish Times recently that

"the human problems needed as much attention as the technical ones."

Attitudes change slowly, but the national officials should understand that any awkwardness that might be construed as an attempt at concealment could undermine the safety of both countries. A former U.S. ambas-sador in Moscow, Thomas J. Watson Jr., pust his case to "join Gorbacher against the common enemy" well when he wrote (IHT, Aug. 1): "Now the two countries face the real possi-bility of mutual annihilation. The enemy is 50,000 nuclear weapons —
25,000 on each side." A smooth start
with the INF treaty would augur well
for the success of broader reductions.

Furthermore, the verification pro-cess of the INF treaty could be strengthened by joint efforts to reduce mistrust and wind down militarization its corresponding element in the second data block. If the two elements are alike, a 0 is recorded; if different, a 1. This produces a new 64-bit oumber, which replaces the first cipher and is in turn encrypted with the key.

This new cipher is matched against the contents of the third block of data, which begets yet another new cipher, a 1. It is important to show the effectiveness of verification not with the key.

Sergei Akhromeyev, military men with thorough understanding of vital political considerations.

It is a pity that provision was not understanding of vital political considerations.

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1913: Coup in Turkey

CONSTANTINOPLE — The "coup deciable information; continuation of exchanges of views between specialists in the Ottoman capital (on exchanges of views between specialists in the Ottoman capital (on exchanges of views between specialists in the Ottoman capital (on exchanges of views between specialists in the Ottoman capital (on exchanges of views between specialists in the Ottoman capital (on exchanges of views between specialists in the Ottoman capital (on exchanges of views between specialists in the outline of military with the first cipher and is in th

cussion of evolving military doctrines.

Dismantling of nuclear arms in good laith, systematic cooperation on bilateral and ginbal projects (including better use of United Nations machinery). frequent consultations and visits, people-to-people contacts, more infor-macon flow and less unnecessary secrecy in many sectors could in time transform the U.S.-Soviet relationship, despite its underlying systemic antagonisms and divergent ideologies. The Washington summit contribut-

The writer, a Soviet citizen living in the West, is a former senior official of the United Nations, the contributed this com-

ment, which reflects only his own views, to the International Herald Tribune.

ed to good feelings, but they are not enough. The need is for our statesmen to build the U.S.-Soviet relationship on realistic and reliable foundations.

Israel Slides On a Slope To Tyranny

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By Anthony Lewis

RAMALLAH, Occupied West Bank — Last July a Palestinian lawyer, Mona Rishmawi, went to the Ramallah prison to interview a client While there she saw a handcuffed detainee being held with a heavy hood over his head that made it difficult for the beauther.

over his head that made it directly for him to breathe. The temperature was 100 degrees Fahrenheit (38°C). Ms. Rishmawi wrote so an Israeli police official to make a legal com-plaint about the mistreatment of the detainee. The response she got was to be charged with an offense herself being in the wrong place in the prison.

People wonder why the Palestinians in the territories have risen up now. after 20 years of occupation. There are external reasons: the Arab countries and the superpowers turning away from the Israeli-Palestinian issue, the sense of hopelessness about negotiations. But there is also an accumulated bitterness at injustice and humiliation

bitterness at injustice and humiliation.

A public-interest law office here in Ramallah, Al-Haq, helps people who get in trouble with the occupation forces. Ms. Rishmawi and other lawyers deal with Israch officials in legal terms, eschewing politics. But it is a frustrating kind of law.

An Al-Haq field worker, Ghazy Shashtari, reported that two men in the Faraa detention center complained of being tortured with electric shocks. Al-Haq asked the men's lawyer to see them and check. He came

yer to see them and check. He came back with affidavits swearing that they had been subjected to shocks. Al-Haq made a quiet approach to an Israeli official, trying to handle the complaint without publicity. The official replied with a threat. Al-Haq then held a press conference and gave the

prisoners' affidavits to reporters As the conference began, occupation au-thorities ordered Mr. Shashtari de-tained without trial for six months. "We meet cynicism or aggression" says Raja Shehadeh, a prominem Palessinian lawyer "Te's service Palessinian lawyer"

says Raja Shehadeh, a prominent Pal-esinian lawyer. "It's getting worse and worse." He and others asy that a tices have increased sharply since Brigadier General Ephrasim Sueh re-signed as civil administrator of the West Bank last September, reportedly because he felt powerless to change harsh features of the occupation. Abuses of what Americans considerations and amental legal rights are commonplace. People are deported without be-

ng allowed to see the evidence against mg anowed to see the evidence against them. The late Justice Livins Brandes of the U.S. Supreme Court said that deportation could cost a man "all that makes life worth living." And the hundreds who have been deported from here were not aliens; they were expelled from the land of their birth. Censorship is another common-

place. CBS News did a "Face the Nation program this mouth on the protests here. When an Arabic newspaper, Al Fair, tried to print the constraint, the censors struck out a comment by Irving Shapiro, former chairman of Du Pont Company, that

the deportations were "abhorrent."

Due process of law and freedom of Due process of law and freedom of the press are middle-class concerns.

But then the people of the West Bank are an overwhelmingly bourgeois prople. The leading figures are shopkeeners and lawyers and teachers. Over the last 20 years they have mostly been

ers and lawyers and teachers. Over the last 20 years they have mostly been quiet about the occupation. A better adjective might be "cowed."

But that period is over. The young men in Gaza, influenced by Islamic fundamentalists, started an uprising whose spirit spread to the West Bank. Pullings have been further influenced by the Israeli policy of responding to protests by beating people — often people who have done nothing as Israeli military officers concede.

racii military officers concede.

The government of Israel is highly sensitive to comparisons to South Africa. Officials bring it up to deny flat occupation practices have anything in common with white South African rule. Indeed, there are great differences. What happens here is not apartheid. Palestinians are trying to get out of Israeli society, not into it.

But there are chilling similarities. Here, as there, a people suffers hamaliation without recourse without recourse without recourse.

Here, as there, a people suffers humiliation without recourse, without voice or vote. Men and women are at the mercy of 18-year-olds with guns. Law is manipulated to serve the rulers, until justice is eaten away. The press is censored, and the press is blamed.

The process corrupts the rulers. The army has actually sent psychologists to its troops in Gaza to help them cope mentally with orders to beat people. But the problem lies deeper, in the very fact of occupation. The longer it goes on, the more true will be a comment made to an Israeli friend by Professor Found Ajami of Johns Hopkins University The ultimate it venge of the Palestinians will be to turn you into South Africa." The New York Times.

100, 75 AND 50 YEARS AGO

1888: A Panama Canal?

PARIS — [The Herald says:] Every device known to the financial world is being worked to inflate the Panama Canal ballon, lottery bonds included. Canal ballon, lottery bonds included. It will, however, require a good deal more gas than is even at the disposal of the promoters to left the ponderous machine out of the swamps of Central America. Probably the bulk of Panama shareholders, when they besieged the temporary offices which preceded the present palatial building occupied by the [French Panama Canal Company] in order to purchase original stock, had a very vague idea of the whereabouts of Panama. "Will the present company complete it at all?" is the burning question.

Details are now obtainable of the scenes which led up to the death of Nazim Pasha, the War Minister. The general's aide-de-camp, in attempting to stop the Young Turk demonstrators from entering the Council Chamber, drew a revolver and fired provoking a general made. The first vestiture of Mahmud Shefket Pasha as Grand Vizier and War Minister by the Sheikh-ul-Islam took place this afternoon [Jsn. 24]. as Grand Vizier and War Minister by the Sheikh-ul-Islam took place this afternoon [Jan. 24].

PARIS — It is true that Frenchinen are losing their love for beards, and everybody, of course, including barbers, has his own theory about a some people think the Beardless movement began with the influx of clean-shaved American soldiers to France in 1917. Others think, for some reason, that the growth of sports had something to do with it. Probably the largest group, however, has concluded that beards are just too bothersome to care for

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have increased sharply a dier General Ephraim Sneit d as civil administrator of i Bank last September, reported ise he felt powerless to the leatures of the occupation. suses of what Americansons amental legal rights are come! People are deponed without llowed to see the evidence and . The late Justice Louis Brank ie U.S. Supreme Coun said & reaction could cost a man "alta as life worth living." And their s who have been depond to were not aliens; they were d from the land of their bink

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What happens here sure. d. P. destinans are type parties society, not into the same there are chiling and there are chiling and there are chiling and there are chiling and the same are the same as the same as the same are the same as the same wee Men and some many manipulated to serve the number time is easen away. The passion served, and the passion before the process corrupts the number of the process corrupts the number of the passion of the pa

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Escrow Plan for Contra Aid Proposed

Washington Paul Service
WASHINGTON — President
Roarid Reseau is leaning toward a
scaled flown contra aid package
that would put all lethal aid for the Nicaraguan rebeis in an escrow account pending the outcome of regional peace negotiations, an administration official said Sunday.

The official said that placing the aid in escrow would improve the chances of winning congressional approval of the aid request, espe-cially in the House, and demonstrate that Mr. Reagan was willing to take "an extra step for peace."

Asked about an excraw plan on an ABC interview program, the House speaker, Jim Wright, Democrat of Texas, said, "If the president requests it, I'll consider it."

Mr. Wright, who could hold the key to passage of any additional aid request for the contrats, as the Nicaranam rehels are called, also said raguan rebels are called, also said he would be guided by the recom-mendations of other Central Amer-

Meanwhile, in a personal letter to Mr. Reagan, President Daniel Ortega Saavedra called for "the im-Ortega Saavedra called for "the immediate cessation of all support for the contras" and renewed his calls for direct U.S.-Nicaragnan talks.

Mr. Ortega said he was committed to "democratization" and that Nicaragna now allowed "the full and unrestricted exercise of freedom of speech, debate and association."

Bears administration of fire also of ficials believe the administration

Reagan administration officials rejected both Mr. Ortega's appeal

and his premises.

An official said the U.S. government continued to believe that any meetings with Sandinist officials. should occur, "in the regional context," meaning with the Central American countries that joined in August with the leftist government of Nicaragua in creating a regional peace plan.
The Reagan administration's

move toward an escrow strategy is designed to appeal to a moderate bloc of 19 House Democrats who have urged the president to delay his aid request and, if he does not postpone it, limit it to nonlethal assistance. Administration officials said

Sunday that they had little choice on the timing of the aid request, which must be submitted by Wednesday and voted on in the House on Feb. 3 under terms of a compromise included in a bipartisan budget package approved by Congress last month. If the House



Brooklyn Rivera, left, a leader of the Miskito Indian separatist movement, being greeted by Interior Minister Tomás Borge Martinez after arriving in Managua for peace talks with the Sandinists.

officials believe the administration might be able to secure passage of a limited package of nonlethal aid, especially if such a proposal has

regional support. Officials said the aid package under discussion would include about \$40 million of nonlethal aid and \$5 million of lethal aid that would be

In his letter to Mr. Reagan, Mr. Ortega said that if the United States and Nicaragua signed "verifiable bilateral accords," Nicaraena could "advance more quickly to agreements with its neighbors limiting the size of the Sandinist army and dispensing with all foreign military advisers. U.S. officials said they saw nothing oew in this

Internal Dissent

Stephen Kinzer of The New York, Times reported earlier from Mana-

Only a week after winning an important diplomatic victory at the meeting of Central American leadgovernment

Sandinist demonstrators who broke up an opposition meeting Friday were organized without Mr. Ortega's knowledge, an aide to the president said. In a campaign to defeat U.S. aid for the anti-Sandinist rebels, Mr.

Ortega has sought to portray his it had led some members of Congovernment as moving toward full democracy.
His associates say the internal

Interior Minister Tomás Borge Martinez and his supporters are taking actions that coovey an im-

cal effort by Mr. Ortega. After the recent regional meeting, Mr. Ortega surprised many diplomats and politicians by announcing major political concessions. He lifted the state of emergency uoder which civil and phitical rights had been restricted for six years and he abolished the people's tribunals that have convicted hundreds of suspected contras without normal judicial safe-

pression different from the politi-

approves the measure, it will be ers, Mr. Ortega is facing an unex-voted on by the Senate the follow-pected challenge from within his detaining opposition leaders to uestion them about a meeting they held with contra leaders. The police are under Mr. Borge's command, and officials said he had ordered detentions without con-

sulting Mr. Ortega.

Associates of Mr. Ortega said he
was upset by the episode. They said gress and other influential foreigners to doubt Nicaragua's commitment to political pluralism.

confrontation has begin to undermine efforts aimed at preventing of relatives of prisoners, was continued U.S. financing for the thought likely to have a similar efthought likely to have a similar effect. It was carried out by members of Sandinist "mass organizations" that respond to Bayardo Arce Cas-taño, a Sandinist leader who in the past has supported Mr. Ortega.

In an interview with U.S. newspaper editors Friday, Mr. Ortega was asked about his relations with Mr. Borge and other senior Sandinists. "We don't think exactly alike,"

Sandinist officials say Mr. Borge and his allies are worried about the implications of easing restrictions on the opposition. "Tomás is sending a message,

mards.

Bot as he announced the concesbe soft," an official said.

to cooperate was taken by Western

U.S. Allies Agree to Coordinate **Gulf Effort**

By George C. Wilson Washington Post Service
WASHINGTON — Britaio, France and Italy have agreed to have their navies work together to sweep mines out of the Gull, de-

fense officials have disclosed. The pact calls for the three navies to take turns sweeping mines in such a coordinated pattern that at least five minesweepers will always be on duty, officials said.

Reagan administration officials said they were encouraged by this multinational approach to keeping the waters of the Gulf open to shipping. They added that the administration hoped this would blunt congressional criticism that the United States was bearing an inordinate burden by spending at least \$1 mil-lion a day to protect the Gulf. Also, sources said, the more active role by the allies comes at a

time when the Reagan administration is looking for ways to reduce U.S. military presence in the Gulf region. Britain and Italy are full partners of the North Atlantic Treaty Alliance while France left the military command more than 20 years ago but has remained a member of the alliance.

There soon will be a highly visible decrease in U.S. firepower in the Gulf area when the battleship lowa heads for home, navy sources

The British, French and Italian minesweepers will shore up what has turned out to be one of the U.S. Navy's biggest shortcomings in its Gulf operations.

The Kuwaiti tanker Bridgeton, sailing under the U.S. flag, struck a mine in the Gulf on July 24 during the navy's first escort operation There was an embarrassing scramble after the attack to find minesweepers to combat this element of the Iranian military threat.

Italy's decision to participate in the minesweeping effort is likely to draw political criticism at home. officials said. The Italian Communist Party has been protesting the deployment of any part of the Italian Navy to the Gulf.

In the past week, British, French and Italian naval commanders in the area have declared that Gulf waters are, for the moment, virtualclear of mines after four months of intensive minesweeping opera-The decision of the three nations

officials as a signal that the European navies were preparing to withdraw some of their forces and con-

the Gulf was on Sept. 22.

Breaking Bones to Halt a Protest A Palestinian, His Hands Broken, Describes Beating

By John Kifner New York Times Serna

NABLUS, Israeli-Occupied West Bank - Both hands encased in plaster casts, Imad Omar Abu Rub explained from his bed in the Rafidiya Hospital what happened when the Israeli Army came to the Palestinian village of Qabatiya. "They entered the house like animals, shouting," said Mr. Abu Rub, 22, a student at Bir Zeit

University. "They took us from the house, kicking us in the head, beating us, all the soldiers with their rifle butts."

Then he was taken to the construction site of an' unfinished house, where, he said, the soldiers put an empty bucket over his head. Several of the soldiers held him down, he said.

gripping his arms to force his hands against a rock.
Two others, he said, beat his hands with lengths of wood framing, breaking the bones.

The injuries are the product of a new, officially declared policy of the Israeli Army and the police to beat Palestinians in hopes of ending the wave of protests in the occupied West Bank and Gaza Strip hat began in early December. Israeli troops have shot and killed at least 38 Palestinians during the

In the bed next to Mr. Abu Rub's, Hassan Arif Kemal, 17, a high school student from Qabatiya, told a nearly identical story.

He said that he, too, had been pulled from his house by Israeli troops and taken to a construction site, and that his hands had been broken by soldiers wielding lengths of wood framing. His mother said that she had been beaten and bruised as she tried to stop the soldiers from taking her son.

Six people from Qabatiya were admitted Wednesday to Rafidiya Hospital with broken bones in their hands, hospital officials said. On Thursday, nine were admitted with bone fractures, mostly in the hands but some in the legs, after a similar army raid on the Palestinian village of

'The first priority is to use force, might, beat-

ings." Defense Minister Yitzhak Rabin has said of

On Friday, witnesses in Jerusalem watched a young Palestinian being walked into the police station across from the Wailing Wall by a group of policemen. He was one of four who, according to the police, had been singled out for "incitement and stone-throwing" after a brief demonstration near the Dome of the Rock mosque.

After about a half hour, during which screams were heard, the witnesses said, the man was brought out on a stretcher and put into an ambulance that had pulled close to the police station

His face was swollen and he was seemingly unconscious," a witness said. "He did not move."

The Hebrew-language newspaper Ha'aretz reported Friday that in the Gaza Strip, a check of ospital and clinic records showed that 197 people had been treated for fractures because of beatings

in three days. Israeli newspapers have begun extensive cover-age of the policy, including interviews with military commanders, who stress the effectiveness of the beatings but express worries about the moral effects on their troops, and with Palestinians who

have been beaten. The Jerusalem Post quoted a ranking military official Friday as saying that the policy was aimed

at "striking fear of the army" into the hearts of increasingly defiant Palestinian protesters. The commander, however, conceded that there had been instances of what he described as "irregu-

Ha'aretz, citing a military background briefing, said that there had been a moderate decline in the level of unrest because of the beatings.

A military official was quoted as saying that the command had decided on the policy "so that people would be scared of the army, and so that one day we could get most of the units out of the territory, when people will remember and know for

Internal Dissent Leads PLO to Delay Decision on a Government in Exile

By Alan Cowell New York Times Sernce

BAGHDAD - Faced with internal dissent, the Palestine Liberation Organization has put off an immediate decision on whether to set up a government in exile, according to Western and Arab diplomats here.

Yasser Arafat, the chairman of the PLO, has expressed support for the idea.

His aides say the plan to establish such a government is part of an initiative to build on the Palestinian protests in the Israeli-occupied territories and to press for the convening of an international peace conference sponsored by the Unit-tioo of the areas. ed Nations.

press statements recently, Mr. Arafat has said he would be ready to recognize Israel within its pre-1967 agreement.

borders, provided that the Israelis acknowledge a Palestinian right to pledged to Israel that it would not for things they could not control." recognize Israel within its pre-1967 borders, provided that the Israelis

an independent state in the West Bank and Gaza Strip.

A Palestinian government in exile. Mr. Arafat is said to believe, would strengthen the PLO's claim to represent the five million Palestinians in the region and would counter U.S. opposition to dealing with the PLO. Israeli officials have said repeat-

independent Palestinian state on Israel's borders. In the 1978 Camp David accords

with Egypt and the United States, Israel agreed to negotiate the granting of temporary local autonomy to Palestinians in the West Bank and Gaza Strip, pending final disposi-However, the PLO has never In a series of interviews and agreed to such autonomy, and the

negotiations that were conducted in 1979 and 1980 produced no

and unequivocally accepted Israel's right to exist and agreed to UN Security Council Resolutions 242 of November 1967 and 338 of October 1973.

Earlier this month, Mr. Arafat

and senior Palestinian officials met in Baghdad, where the PLO has its military headquarters, and held edly that they would oever agree to long discussions on the idea of a government in exile. They failed to reach agreement, according to Western and Arab diplomats.

"For the time being, the idea has been shelved," an official in Baghdad said.

In interviews in Baghdad, Mr. Arafat has acknowledged dissent within the PLO over the issue. "Some of the PLO leadership be-

lieved that a government in exile could load them down," said a Western diplomat who asked oot to

Guerrilla War Debilitates Mozambique "In the last six months, every said they were forced by govern-Washington Part Service condemned by the Reagan administration, which sees Mozambique — istration, which sees Mozambique of Market government as seeking to Market government as seeking to CARE director, David Neff. "It's a would be regarded as supporters of the last reported mine attack in the last six months, every said they were forced by govern-draw some of their forces and consument troops to move and were told solidate others in a joint venture, that if they remained behind they largely to save on costs. The last reported mine attack in the last supporters of the last reported mine attack in the last supporters of the last reported mine attack in the last supporters of the last reported mine attack in the last supporters of the last reported mine attack in the last supporters of the last reported mine attack in the last supporters of the last reported mine attack in the last supporters of the last reported mine attack in the last supporters of the last reported mine attack in the last supporters of the last suppo

farmers from emergency food sup-plies and have brought Mozam-bique to the brink of widespread famine, rivaling that of Ethiopia, according to representatives of for-

eign relief agencies here. Namacata a refugee village six miles (10 kilometers) east of the Zambezia provincial capital of Quelimane, was destroyed Ian. 12 by the guerrillas. Hundreds of such attacks in central and northern Mozambique in the last several years have helped bring the country close to almost total economic col-lapse, government officials and Western diplomats warned.

The attacks, and the looting and burning of fields at harvest time, lion people, independent relief offi-cials said.

Moreover, the growing number of anacks on tracks carrying emer-gency food to rural areas is forcing relief agencies to turn to costly airlifts, putting a further strain on assistance budgets.

The war being waged by the re-bels of the Mozambique National

Tunis and Cairo Open

TUNIS — Tunisia and Egypt 15 of the agency's truck drivers and have announced the resumption of assistants have been killed in audiplomatic relations after a break bushes, 75 trucks have been deof almost rine years.

AUDITOR

SUBSCRIPTION SALES

DES TRANSPORTS

VICE PRESIDENT

PLANIFICATEUR PRINCIPAL

Diplomatic Relations The Associated Press

diplomatic relations after a break The resumption of ties, effective immediately, was announced Sat-urday in a joint statement issued in

The United States gave \$10 mil-tion in economic aid to Maputo and \$75 million in food aid last year. To the consternation of some Reagan, who met in October with President Joaquim Chissano of Mozambique at the White House, 7,000 tons a month. has resisted a lobbying campaign to win U.S. backing for the rebels.

In Vila de Sena, or River near the Market No. 100 tons a month.

The destruction of villages such

have prevented as many as two must districts was arranged and million more farmers from producing crops, resulting in severe food shortages that are directly affecting which runs the largest food distribution program in Mozambique. CARE officials said they invited the correspondents in the hope of

> 800,000-ton food deficit that has led to a famine rivaling the better-known plight of Ethiopia. CARE representatives and U.S. diplomats in Maputo said the misery of Mozambique had been exacerbated by increasing numbers of guerrilla attacks on emergency food convoys. In the past three

died in ambushes on convoys, many of them within 30 miles of Maputo.
Since 1984, CARE officials said. stroyed or seriously damaged and 450 tons of food and relief supplies have been looted or destroyed by 25th of September Camp near Que-guerrillas. They said 500 tons of limane, entire towns of 1,000 or commodities also were stolen or more people have moved to reloca-

manutarism relief convoys have cut improve its ties to the West and nightmare trying to get stuff out of the rebels.

off more than a million subsistence possibly willing to abandon its soMaputo." He said the rebels' strategy appeared to have shifted from

concentrating on the Zambezia Valley to trying to isolate Maputo. Mike Mispelaar, CARE's opera-tions chief in Mozambique, said conservatives, President Ronald 35,000 tons of grain were needed Reagan, who met in October with each month to feed the starving but the organization received only

In Vila de Sena, on the Zambezi River near the Malawi border, townspeople talked about an atas Namacata has forced an estimated 1.8 million people to abandon were killed and four were k

Antonio Enoque, a local leader, said the guerrillas came at night and threw a hand grenade into a house, killing seven persons, then dents and a contingent of army focusing attention on an annual troops fled across the river. Three days later, the soldiers counterat-tacked and drove the guerrillas out, be said.

Luis Jimo said he was abducted by the guerrillas, along with his wife and five children, and forced to march for four days with a 100-pound (450-kilogram) sack of rice on his back and no food to eat. He months, more than 400 people have said another of his children had been killed thiring the attack by a hand grenade.

After a tew days, he said, he and most of his family escaped, leaving behind one child who was sleeping in another part of the guerrilla

Sometimes, as in the case of the

25th of September Camp near Que-

when government troops retook it. opened fire on other houses as resi-

Send a Trib Valentine message

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Lacroix a Hit Again On a Playful Note

By Bernadine Morris New York Times Service

PARIS — Christian Lacroix has done it again. For the second successive season, be has opened the couture showings here with a bang. He is always high-spirited and his clothes are always merry. But because the season at hand is spring and summer, usually a light- has designed a more moderately hearted time for fashion, he has been inspired to new heights of

Short, bouffant skirts are bouncy and playful. Small snug jackets are decorated with contrasting borders and appliqués. Buttons are shaped

PARIS FASHION

like seashells or sea animals. Dresses are laced at the back, swimsnits after his showings at the Opera-C are shaped like miniature evening dresses and trousers have high waistbands and loose legs.

With three showings Sunday afternoon, be clearly dominated the first day of showings.

There was plenty of contrast, from the short daytime skirts to full skirts covered with draped satin aprons, suitable for Marie Antoinette. The prominence of pants was a note for this designer. Colors were always stringent. Turquoise, orange, mimosa, yellow and hot pink are handled as easily as if they were black or navy blue.

"It's so exciting to see how he puts things together," said Susan Gutfreund, one of the American couture fans at the first show. "He makes fashion so much fun."

Ivana Trump attended the second show with a group of friends she flew over in her private plane. Neal J. Fox, the chairman of Garfinckel's, the store based in Washington, organized a trip for a dozen customers to attend the couture shows, including Lacroix's.

Lacroix, 37, who was trained as an art historian and is a native of Arles, has not only established himself as a fashion leader in just two collections under his own name - before that he designed for the house of Patou - but he also helped revive interest in the other couture houses. Before the showings end on Thursday, 20 other houses will have shown their collec-

The ethnic themes derived from the south of France coutinue to dominate Lacroix's clothes, transmuted in his own way, so there are provincial prints, lace and organza shawl collars, tassels and appliqués. His basic style hasn't changed, but it still looks refreshing. Satin ribbons are tied around the ankles. Handbags are shaped shaped like shells or sombreros.

my babies," the designer said. "But I had just a month to work on

Since his first couture collection show in July 1987, he has produced an expensive group of ready-to-wear, which be traveled to the United States to introduce. He also priced ready-to-wear collection, to be made initially and shown in Paris in March. And he has designed costumes for an American Ballet Theatre production of "Gaîté Parisienne," which had its premiere last week in Tampa, Florida.

A film showing Lacroix at work on the costumes and highlights from its premiere Tuesday were the highlight of a party Lacroix gave mique. The party was to say thank you to "retailers, clients and all the fashion professionals who have helped us so much," according to Jean-Jacques Picart, Lacroix's business partner. It also marks the first anniversary of the signing of the financial agreement between Lacroix and Financière Agache, which made possible the establishment of the couture house.

"It gives our friends here a chance to see another side of the. Lacroix talent," Picart said of the 60-minute film. The ballet is to be esented in New York on April 20, but there are no immediate plans for it to be seen in France.



Christian Lacroix's one-piece laced bustier and shorts in satin.

ISRAEL: Minister Denies Beatings Are Army Policy

(Continued from Page 1)

United States. The leading story was that the cabinet secretary, Eliakim Rubinstein, was being sent to America to explain Israeli policy.

The broadcast reported that the Israeli ambassador in Washington. Moshe Arad, said the public-opinion damage was heavy and had "hurt Israel's image of being an enlightened country."

Sunday's edition of the Hebrew newspaper, Ha'aretz, carried a dis-patch from Washington on the re-action, with a headline in English: "The Week of the Sticks."

"Every day the State Depart-ment and White House in Washington get hundreds of phone calls and letters from American citizens," the newspaper said.

"According to a source, 95 per-cent are hostile to Israel. Maybe a third never supported Israel, but what about the rest,' the source said. Many calls come from Jewish elements and people who declare like straw baskets and hats are their support for Israel first. It's not played out before foreign television surprising, considering what they cameras.

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Ha'aretz said.

There has been little public discussion on the issue in Israel, however, partly because the army is a sacred institution.

Reports of the meeting Sunday of the often bitterly divided coalition cabinet, which went into secret session as the Defense Committee, indicated little difference of opinion on the substance of the policy, only the style.

Prime Minister Yitzhak Shamir of the hardline Likud bloc has publicly endorsed the policy of Mr. Rabin, who belongs to the nomi-nally more dovish Labor Party.

The Jerusalem Post, in an analysis Sunday, said Labor Party members were less upset at Mr. Rabin's policy than at his bluntness in the announcement of it.

The question of image is dominating Israeli political discourse, with constant references by leading figures not so much to events themselves but to the events' being

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see on TV and read in the papers," West Bank Editor Held

Israeli authorities ordered a West Bank editor detained without trial Sunday and imposed a travel ban on another editor two days before he was to visit Washington Agence France-Presse reported

Sunday from Jerusalem. Salah Zuheikah, 35, editor of Al Shaab, a publication that supports the Palestine Liberation Organiza-tion, was placed under administrative arrest after having been detained two weeks earlier, Palestinian sources said.

Under administrative arrest, which is renewable, a person can he detained for six months without

Hana Siniora, editor of the East Jerusalem newspaper Al Fajr, said he had received a letter from Mr. Shamir's office telling him he was banned from traveling abroad for three months.

Mr. Siniora, whose paper is also sympathetic to the PLO, was to have left Tuesday for a conference in Washington of Christian, Mos-lem and Jewish leaders.

TREATY: Rivalries and Election Politics Will Mark Senate Debate

floor debate as Senator Sam Nunn. Democrat of Georgia, who heads the Armed Services Committee vied to capture some of the limelight from Senator Claiborne Pell-Democrat of Rhode Island and chairman of the Senate Foreign Relations Committee. His panel has primary jurisdiction over the trea-

"You have 100 prima donnas here, and each one is sovereign," a Senate nide said.

The Senate Select Committee on intelligence will hold separate, closed hearings on the verification provisions of the treaty, and several ad hoc Senate arms control groups have also served notice that they intend to help advise and coordi-

nate work on the treaty.
Senator Jesse Helms of North Carolina, the ranking Republican on the Foreign Relations Committee, said that he had evidence of Soviet cheating on the treaty and said he had asked the Central Intelligence Agency to judge the accura-cy of his data before the hearings

began.

Mr. Dole, who after weeks of Foreign Relations Committee on.

(Continued from Page 1)

not be given a preference over in-

An aide to Mr. Reagan said,

The president's supporters who

want him to remain in an aggressive posture in his last year in office

will be quite pleased" with the leg-islative agenda he sets forth Mon-

In his weekly radio address Sat-

urday, Mr. Reagan said he would

again urge Congress to endorse a

constitutional amendment requir-ing a balanced budget. He will also repeat his plea for Congress to give him the power to kill selected items

in spending bills. And he said he

"may have a surprise," a way for

Congress to show it is serious about

"putting the government's house in order." But he did not elaborate.

Reagan would also make these

points in his legislative message:

White House officials said Mr.

Congress should provide mon-

ey for a major expansion of federal

prisons, which are seriously over-

crowded. Federal prisons have

nearly 44,000 inmates, or about 60

percent more than they were de-

sion, an independent federal agen-

cy, should adopt procedures that

would permit federal judges to im-

pose the death penalty for certain

crimes. The Supreme Court has

held that the penalty is unconstitu-

dom, capricious, unpredictable

tional when it is imposed in a ran- ty of life.

The U.S. Sentencing Commis-

signed to hold.

come earned through hard work.

hearing Monday. The hearings will pliance procedures adequate to the treative place two weeks before crucial lows president caucuses, where the treative has become a short of the according to the treative has become a short of the according to the treative has become a short of the according to the treative has become a short of the according to the treative has become a short of the according to the according be linked to assuring Soviet comthe treaty has become an issue pliance with previous arms agreeamong the Republican candidates.

Preliminary battle lines have been drawn around three major isthem Mr. Num, would like to link approval or final implementation of the intermediate-forces treaty in

 What impact will the removal of missiles contemplated by the treaty have on the balance of conventional armed forces in Europe, where the Warsaw Pact nations are generally conceded to have an ad-

• Are verification and noncom-

EUROPE: U.S. Sets Arms Plan

(Continued from Page 1)

intelligence experts, believe they have identified a few weak links in the Soviet armed forces that would be relatively cheap to exploit and would cause major problems for the other side.

General John R. Galvin, the commander of U.S. and allied

forces in Europe, repeated many themes from the new policy as he told reporters in Washington Fri-day that in the absence of interme-As an example, an expert cited

the potential of an unmanned drone called Tacit Rainbow, propublic hand-wringing decided he duced by the Northrop Corp., that would work to pass the treaty, asked Mr. Pell this month if he then zooms down to destroy enemy could be the lead-off witness at the radars as soon as they are turned

a space-based missile defense sys-

tem when the equipment and weap-ons are ready. Mr. Reagan is asking

Congress for money to continue

and other subsidized housing to

early 1990s, at least five years be-

signed by the government.

research on the system.

such buildings.

diate-range nuclear missiles, military risks will increase, especially if budgetary constraints prevent modernization of the nonnuclear and remaining nuclear forces there. "I don't see this as a buildup," he

A number of senators, among

some fashion to improvement in NATO's conventional force capa-

bility. Mr. Nunn has suggested ad-

vising the Soviet Union that the

United States intends to assess the

conventional force balance in

said of his call for modernization.
"A buildup to me means more numbers. I would say, if there is an up in there, it's an upgrading."

tle against the treaty, though he will have no vote because he is in the TAX: Reagan to Propose Cut in Levy on Capital Gains have no vote because he is in the House of Representatives. Mr. Kemp has said that the Junted States capitulated to Soviet demands in the rush to get the freaty ready for the December simumit. • The United States will deploy care needs of working parents. The

> • Congress should provide \$2.5 billion for a program to combat acid rain, which is caused by emissions of sulfur dioxide and nitrogen oxides. Federal agencies will encourage development of technology to reduce such emissions. • The administration will begin a major effort to sell public housing

low-income families who live in • The federal government will strongly support private efforts to build and operate a small space station, as both a laboratory for scientific experiments and a factory gan would assail that provision of the law as a severe blow to First for use by private industry. The government would lease part of the commercial space station, which could be orbiting the Earth in the

for new ways to address the child-name...

secretary of labor, Ann Dore McLanghlin, will work with state and local agencies and private employers to meet these needs, consistent with the president's effort to strengthen the family as an institu-

In his message, Mr. Reagan also warns Congress against efforts to lift restrictions on political activi-ties by federal employees. In November, the House of Representatives adopted a bill to relax some of those restrictions, originally imposed by the Hatch Act in 1939. The Senate is considering the bill.

Mr. Reagan will also call on Congress to repeal part of a new law that, in effect, requires Rupert Murdoch to sell media properties in New York and Boston. The White House official said Mr. Rea-Amendment rights and a "lastminute appendage" to a catch-all spending bill adopted by Congress on Dec. 21.

fore a more ambitious project de-The law prevents the Federal • Congress should establish a Communications Commission permanent tax credit for businesses from loosening rules that prohibit that increase their spending on re-search and experimentation. Mr. paper and a television station in the Reagan also wants to establish same city. Mr. Reagan's message "Thomas A. Edison prizes" for says the law would inhibit the free people who devise innovative uses market of ideas and could actually force the closing of a newspaper, though he does not mention Mr. of technology to improve the quali-• The administration will look Murdoch or The New York Post by

HAITI: Manigat Wins (Continued from Page 1)

mats and observers say, Haifi's economy is due for a major shock. The gourde is pegged to the dol-lar at an artificially inflated exhange rate and is worthless out-Afghan rebels. One of four "instruments" previously negotiated in the
said Jan. 7 that the United States
Geneva talks calls for all outside must be persuaded that there is no
foreign assistance as a major source
of mental provided that there is no of negotiable currencies to purchase imports ranging from food staples to automobiles

After April, when the fall effect of the cuts will be feit, a U.S. offi-cial said, "They will not be in a position to pay for many new imports."

Since the aid outs were announced in early December, the Haitian government has drawn on foreign reserves to pay its external debts. To meet salaries, it has been creating new money, having the treasury credit the bank accounts of individuals and businesses,

Foreign tourism dired up after a succession of widely publicized killings, including those during the November voting Hair's remaining foreign exchange comes primarily from its strike-prone indus-MOSCOW — The population of tries, and cash and checks said back home from Haisans in Mi

abroad.

AFGHAN: Neutrality on Austrian Model Is Discussed

(Continued from Page 1)

Pakistan and Afghanistan. The Russians have said they anticipate force. the next round of talks in Geneva, which began five years ago, will he the last before a withdrawal begins. No dates for renewed talks have been proposed by either side so far, according to U.S. sources.

The United States agreed in December 1985 to act as a "guarantor" of any peace accord, along with the Soviet Union. The United Nations was told at the united Nations was told at the united Nations was told at the control of the sources. the next round of talks in Geneva, been proposed by either side so far, according to U.S. sources.

Officials in the State Depart-

ment expressed hope that the Rus-sians would soon inform Pakistan, ed," said a U.S. official. sians would soon inform Pakistan, and perhaps the United States, of withdrawal details.

The basic question in Washington is whether the Soviet Union will establish credible terms for a military withdrawal and actually go through with it. Some U.S. officials are highly skeptical, consider-ing most of the Soviet talk about withdrawal to be a sham aimed at neutralizing the issue and ending U.S. and Pakistani support for the

Afghan resistance.
Others see a variety of signs that the Kremlin has no viable alternatives and say that increasingly strong Soviet declarations suggest

that a withdrawal is coming.

One of the most politically con-

UN mediator who is on a visit to "interference" to end within 60 turning back" on a Soviet withdays after peace accords come into

Washington would play such a role "once the elements of an accept-

This language was cited to make the point that any U.S. guarantee of an Afghan accord is conditioned on Washington's acceptance of the details of the accord. The details of a Soviet withdrawal, including its starting and ending dates and a schedule for the pullout of units, Soviet Life Expectancy Rises

have not been established. Also yet to be pinned down is whether the Soviet Union would be permitted to continue providing arms and advisers to a post-withdrawal Afghan government adn the degree to which the great powers would aid the reconstruction of Af-

drawal before cutting off the aid, suggesting that such an action might come later than 60 days after the accords enter into force.

Another question mark is the nature of the interim government that would rule Afghanistan during and immediately after the withdrawal. The U.S. has backed an interim

government not dominated by the Communists. Recently officials have seemed more reticent to express U.S. views on this point, saying the Afghan political future is up to the Afghans themselves

The Associated Press

the Soviet Union rose to 284.5 million at the start of 1988, and the ami, New York and discounter average Russian can now expect to live 69.6 years, Tass said Saturday.
In May, the magazine Ogonyok reported that "toward the end of the

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The timing of a cutoff of U.S. of men "fell to 62 years." It said the military aid to the Afghan resistance has also stirred controversy. then reversed in the early 1980s. tentious issues in Washington and Moscow concerns U.S. aid to the **ESCORTS & GUIDES** INTERNATIONAL CLASSIFIED INTERNATIONAL (Continued from Back Page) **ESCORT** SERVICE Head office in New York 330 W. 56th St., N.Y.C. 10019 USA ESCORTS & GUIDES **ESCORTS & GUIDES ESCORTS & GUIDES** BNGUSH Domino mole/female second service. Cologne/Bons/Duesseldorf /Issen/Acchenic orea. 02(1):38:31:41 ICONDON AND HEATHBOW Examples of the property of the p CHELSEA ESCORT SERVICE-57 Beouchamp Place, London SW3. Tel: 01 584 6513/2749 (4-12 pm) 212-765-7896 *** IONDON ROXANSE *** VIP Excert Service (## ## days a week, Tell 581-34604). 212-765-7754 REGENCY NY MIANGH . 92 STATE OF THE STATE NY & LONDON ESCORT SERVICE 212-838-8027 MAJOR CREDIT CARDS AND CHECKS ACCEPTED MADRID * LIGHT * ed. 1at; //w 3002 / //w //w/ MADRID IMPACT ESCORT and Guide Service. Multilinguol. Visc. Open 11cm - midnight. Tel; 261 4142 Open 10KYO EXCLUSIVE ESCORT Service. Cards occeptable. Telephane: Tolyo 03 798 4350. Escort Service 91/2593807 LONDON **AMBIANCE** AMSTERDAM 2000 20-869868. Credit conth complicates

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Mr. Nunn suggests that the United States reserve the option to pull out

of the agreement and cease the last

phased withdrawal of American

Aides on the Foreign Relations

Committee said it is rare for the

Senate to make amendments to the

text of the treaty itself, a process that would require Soviet approval

But Senate parliamentary rules and

procedures offer wide latitude for

maneuvering, and treaty oppo-nents have already warned that

they intend to use every tactic at their disposal to block or delay the

treaty's passage.
So far only a handful of senators

— Mr. Helms; Steven D. Syns, Republican of Idaho; Larry Press

ler, Republican of South Dakota; and Richard C. Shelby, Democrat

of Alabama - have indicated they

are likely to oppose the pact. Mr.

Helms, one of the Senate's most

skilled parliamentarians, said last week that the treaty "will sheating ly have to be amended to correct significant defects and loopholes."

Until that statement, Mr. Helms

Until that statement, with reinshad been playing a behind-the scenes role, allowing Representative Jack F. Kemp, the consequence New York Republican who is seeking his party's 1988 presidential nomination, to wage the public battle against the treaty, though be will

As a conservative strategist said:

"Our game is delay, No. 1, and No.

keep the treaty from coming to the floor for a vote. Dichard con-servatives are going to put this trea-ty through every jot of the rules, examine the text with a fine-tooth

comb, muster every argument in effect filibuster by proceding.

the administration over its reinter-pretation of the 1972 Anti-Ballistic

Missile Treaty as well as a new

policy on how treaties in general are to be interpreted, has demand-ed access to the negotiating record.

both the treaty and the negotiating

record because the executive

branch has told us, one, that we can't take their word about what a

treaty says, and, two, that if we think something is important or unclear in a treaty we have to flag

Such a process could drag out

the timetable for approval.

We are compelled to look at

Mr. Numn, who has been battling

missīles.

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MONDAY, JANUARY 25, 1988

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EUROBONDS

Dollar's Stability Helps Sector to Beat the Blues

By CARL GEWIRTZ

ARIS - The dollar sector of the Eurobond market snapped out of the doldrums last week with \$1.95 billion of straight bonds and \$1.04 billion of equity-linked issues offered for sale. The volume of straight bonds was offered for sale. The volume of straight bonds was significant. Not so the equity-linked paper, which reflects a renewed interest to acquire options to purchase Japanese stocks. The nibbling for straight bonds has been evident since the start of the monin, begun by private investors in Switzerland laden with dollars received from interest and principal repayments. At present exchange rates, investors had no desire to sell the dollar income for other currencies and were content to reinvest the

By last week, the nibbling had broadened. With the dollar apparently stabilized on the foreign exchange market, European institutional investors also began returning to the market. In addition, bankers report increased demand from

the Middle East and Japan. Most experts expect the U.S. trade figures for December, January and February to be soft. Although the U.S. trade representative, Clayton K.

Yeutter, caused the currency market some upset by his comments that the deficit would not shrink much until later in the year, this is in line with the forecast from the Organization for Economic Cooperation and Development.

Bankers say first-

market should be

substantial.

quarter activity in the

It estimated an average monthly deficit of \$12 billion in the first six months of this year, falling to an average of just over \$10 billion by the second half.

Further aiding the dollar bond market was last week's report of a plunge in U.S. housing starts and a tiny 0.1 percent rise in the consumer price index for December. The trade and other economic data are interpreted to mean

that dollar interest rates are in no immediate danger of rising and are likely to continue falling. This view was further enhanced by a comment from a Federal Reserve Board governor, Martha R. Seger, who said the U.S. economy would go through a cycle of slow growth during the first two quarters and may even lose

Y WEEK'S end, the rally in U.S. bond prices left U.S. interest rates at lows not seen since late July. Equally important, the decline in U.S. rates looks as if it will be matched abroad. The Dutch cut their key interest rates by a quarter point, the fifth reduction in three months and setting rates at a low not seen since 1959. At the same time the Bundesbank announced that it would

target money supply growth using a different measure, M-3, instead of the central bank money stock. This "should allow a more flexible stance on interest rates," said Credit Suisse First Boston in its weekly market telex. "Adoption of an M-3 target should mean that money growth relative to target ceases to create a bias in favor of monetary tightening." M-3 is the broadest measure of money supply and includes large time deposits. In Japan, banks were expected to lower their long-term prime

rate, confirming a softening of rates there.

A shift downward of interest rates in major markets would help the dollar, as the difference between dollar and other rates should remain unchanged. For non-U.S. investors looking at dollar investments this is an

ideal scenario. It means that even if the dollar should decline a bit in the foreign exchange market, the likely capital gains to be earned on bonds, whose price appreciates as interest rates fall, will cover the currency risk. And if the currency holds stable, the tments r

on appreciating bonds could be very profitable.

At present, bankers report, institutional investors are underweighted in dollar holdings and thus have plenty of buying room.

Given the low risk in holding dollar bonds, investors are willing to rebuild their holdings, especially as there is some suspicion that the current range could well represent the low for the dollar. So far, however, purchasing of dollar bonds is being financed with dollar income and not the result of investors selling yen, Deutsche marks or sterling to buy dollars. Data published by Orion Royal Bank indicates that interest

and principal repayments on Eurobonds will total \$4.4 billion this month, \$6.9 billion next month and \$8.2 billion in March. About two-thirds of these payments are in U.S. dollars.

Further liquidity will be provided by the premature retirement of high-coupon dollar bonds that become callable this year. Put all this together, bankers say, and first-quarter activity in

the Eurobond market should be substantial. More importantly for banks underwriting the paper, the new issues were also profitable. The new paper did trade at discounts from the offering price but still well within total fees paid to

This reflects underwriters' unwillingness to get caught holding

See EUROBONDS, Page 9

Currency Rates

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Sources: Indesuer Bank (Brussels); Banca Commerciale Italian de Paris (Paris); Bank of Takyo (Takyo); IMF (SOR); BAII (di Urubia), Other data from Reviers and AP.

Last Week's Markets

All figures are as of close of trading Friday

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Générale Shake-Up Pledged

De Benedetti Says Firm Is 'Feudal,' Criticizes Board

Compiled by Our Staff From Dispatches BRUSSELS — The Italian fi-nancier Carlo de Benedetu has pledged to shake up Belgium's big-gest company, Société Générale de Belgique; if his hostile hid for effecuve control proves successful.

Mr. de Benedetti, 53, whose ag-

gressive drive for a decisive stake in Société Générale has rocked Bel-gium's financial world, said io a televisioo interview broadcast oo Sunday: "I am not a predator. I am an investor and a huilder."

But he said, "There is certainly a major process of modernization and raconalization that must be carried out and which we are going to carry out," on the 166-year-old company, which has interests to 1,358 enterprises around the world.

In sharp criticism of its current management, he said: "I would define its growth as miserable, its profitability as modest" and its decision-making as "feudal."

Mr. de Benedelti, who transfered the beliefet to the second of the se

formed the Italian typewriter company Olivetti SpA ioto a giant maker of automated office equipment, said last week that he owned 18.6 percent of Genérale, as it is known, and aimed to raise his stake further. He said "very prestigious" inter-

national investors supported his aim to create a pan-European holding company out of Generale and he would give them a reply soon. Belgium's banking commission has yet to agree to Mr. de Benedet-ti's bid.

In an hourlong interview on Bel-gian television, Mr. de Benedetti said, "I tell you clearly and frankly 1 intend to make La Générale the premier holding in Europe." He indicated that he had been

stung hy remarks last week by Rene Lamy, 64, chairman of Générale. who accused him of trying to turn Belgium toto a colony. Asked whether an earlier offer

still stood for Mr. Lamy to become president of the company under Mr. de Benedetti's control, he said: Absolutely not. I think frankly he has gone too far. We are at a moment when the future is confronted by the past." Meanwhile, Mr. de Benedetti's

French-holding company Compag-Cerus, through which Générale shares were bought, said that it would make a further court challenge to a move by Societé Générale to defend itself by issuing 12 million oew shares and thus dilnte Mr. de Benedetti's stake.

Génerale said that the new shares, which had been put to the hands of a subsidiary, Sodecom, reduced Mr. de Benedetti's holding to 11.22 percent. (Reuters, AFP)

Diet Foods: Cooking Up Challenges to la Cuisine

Sugar Substitutes Not Medicine Now

By Kurt Ruderman Special to the Herald Tribune

PARIS - When the government recently lifted the 85-year-old law that hanned the use of sugar substitutes in prepared foods, many of the giant international food companies sat up and took notice. France, a oation in which the regard for la cuisine is nearly a religion, seems ready for diet foods.

Two soft-drink makers, Coca-Cola and Orangina, see the government's decision as almost revolutionary and are set to market artificially sweetened sodas. A full page ad in the newspaper Le Monde heralds the coming of "Coca-Cola Light" in the form a proclamation super-imposed over a photograph of the French Parlement in session.

For Arnold de Beco, director general of A. Arnaud SA, the distributor of NutraSweet, a hrand name for the sugar substitute aspartame, the future is looking particularly rosy. Aspartame-based products, until now restricted in France to being sold to pharmacies as medicine, will soon be on supermarket shelves.

"Once they are sold in supermarkets, the medicinal image will disappear," Mr. de Beco said. "Other French producers of soft drinks, as well as dairy-product producers, will soon follow the example of Orangina and Coca-Cola." Aspartame's move from the pharmacy to the supermarket, and the repeal of the 1902 law banning sugar substitutes, was the result of a

legal battle that pitted a supermarket chain. Centre Distributeur E. Leclerc, which wanted to sell the substitutes, against the pharmacies.

The Paris Court of Appeals ruled last December that since artificial sweeteners were oot considered a medicine in other EC countries, the

French law restricting their sale created a monopoly and, hence, a trade restriction that violated Article 30 of the Treaty of Rome. Now Leclerc is expanding its horizons, with "soft drinks and dairy products high on our list," according to Michel-Edouard Leclerc, copresident of his father's company. Leclerc has negotiated a contract with an English company to produce a brand of sugar-substituted products called Sucrinel, which will include artificially sweetened

fruit drinks and jams. However, France's sugar industry has little to fear so far. The French are aware of the problems caused by excessive consumption of sugar, but there is oo organized consumer movement

against its use," said Claude Fischler, a sociologist at the National Center for Scientific Research in Paris, and a researcher in food and eating habits. That may explain why artificially sweetened chewing gum has not

made a big impact in France. General Foods France, maker of Hollywood chewing gum, brought out a sugarless gum to September 1986. Jean-Pierre Plazonich, the company's marketing director, said "People are really not worried about the quantity of sugar in

regular chewing gum, which is extremely small compared to pastry or wine," he added.



Orangina, with the overturning of an 85-year-old law banning the use of sugar substitutes in prepared foods, is just one of many companies that are set to storm the French market.

Still, Mr. Fischler said, low-calorie and artificially sweetened foods have a future in France. Trench eating habits are changing and are following the pattern in most Western countries, where meals are becoming less structured and are no longer eaten at specific times of the day," be said.

He added that in affluent Western countries, 25 percent of the population is on a diet of some kind. Before the health-food boom reached France, in the 1980s, prod-

ucts in this line were limited to low-fat dairy products from big companies such as Gervais-Danone. It launched its Taillefine line in 1964 with a low-fat version of farmer's cheese, marketed a fat-free yogurt in 1972, then expanded to fruit-flavored, fat-free yogurt, all containing SUGAL.

"While customers sought to reduce their fat intake, they still wanted something tasty," said a company spokesman. Legalizing supermarket sales "of aspartame will permit us to reach our goal of a oear-zero calorie product."

In 1985, the frozen food company France Glaces Fiodns SA began making a low-calorie line, Cuisine Legère, with great success.

"The product would not have caught on 10 years earlier," said a Findus marketing executive. "The 300-calorie nouvelle cuisine-type dinners, which are relatively high-priced, have attracted an urban clientele: young, white-collar, health-conscious and athletic."

The fashionable Hédiard SA food chain's products director, Jean-

See DIET, Page 11

Seoul Reportedly to Offer U.S. New Concessions

SEOUL — South Korea reportedly will offer a revised package of trade concessions to the United ed, too,

States after Washington's rejection last week of previous proposals. The new package, covering the sensitive issues of U.S. beef im-

ports, cigarettes and joint insurance ventures, will be presented to Washington by the end of January. the state-owned radio, Korean Broadcasting System, said Satur-South Korean government offi-

cials declined to comment on the report, which said that the Office of the U.S. Trade Representative, to Washington, had notified Scoul oo Friday that it was dissatisfied with the latest proposals. Local press reports said that the

United States had rejected Sooth' Korea's offer to allow imported beef to be sold to tourist and huxury hotels and had insisted that sales be

permitted to ordinary restaurants number of proscribed underwriters dollars lovolved is small to compar-

Washington reportedly demanded, too, that Seoul immediately cut the retail price of U.S. cigarettes from 1,300 won (\$1.67) to 700 won a pack by reducing surcharges or Seoul had proposed lowering the

February, followed by a further cut once pertinent laws were revised. Washington was also said to bave expressed "limited satisfaction" over South Korea's proposal

tures in the insurance business. Seoul had sought to prohibit will yield to Washington's demands South Korea's top 30 insurance rather than risk retaliation by its companies from forming joint ven- most important market.

tures with U.S. companies, to prevent the resulting giants from monopolizing the industry.

The new proposal will reduce the begun to note that the amount of for comment oo the report.

to 15, press reports here said.

Beef, cigarettes and insurance have become hot issues in Seoul because of protests by the cattle and tobacco growers and insurance todustry employees, who contend that the U.S. demands threaten their livelihoods. retail price set by its tobacco mo-nopoly to about 825 won a pack to

tests that, in the past two weeks, in government offices.

Bot analysts say that the overall impact of these items on the balto loosen restrictions on joint ven- ance of U.S.-Korean trade is small and that it now appears that Scoul

> Press reports here, which had focused oo the purported unreason-ableness of the U.S. demands, have

ison with the overall trade picture. Youhap news agency said Saturday that if South Korea were to accept all of Washington's de-

mands. South Korea's trade surplus would be reduced by less than \$300 million. According to government statistics, South Korea rang up a \$9.2-

Livestock producers have been billion surplus with the United the most outspoken, mounting pro-The Economic Daily in Scoul re-

paring to lovoke U.S. trade laws to mpose retaliatory tariffs on South Korean goods because of surcharges oo U.S. cigarettes.

The newspaper also said that the Korean Embassy in Washington had informed the Scoul government that the United States had decided to bring the beef dispute before the General Agreement on Tariffs and Trade. Officials could not be reached

Kodak's **Bid Seen** As Costly

Analysts Expect Big Borrowing in Sterling Takeover

NEW YORK — Analysts say Eastman Kodak Co. will have to borrow heavily to finance its \$5.1 billion hid that rescued Sterling Drug Inc. from a hostile offer from F. Hoffmann-La Roche & Co.

Not long after Sterling accepted Kodak on Friday, Hoffmann-La Roche dropped its hid of \$4.6 bil-lion, or \$81 a share, saying it had offered what it viewed as a fair

Kodak agreed to pay \$89.50 per share, taking some analysts by surprise. "They're going to have to do a heck of a lot of borrowing." said Peter Enderlin, an analyst with Smith Barney Inc.

Kodak said it expected the ac-quisition to dilute earnings by 15 cents to 25 cents a share for up to four years. Kodak, which is based in Rochester, New York, earned \$2.77 a share for the first nine mooths of 1987. Earnings for all of 1987 will be reported on Feh. 3.

One analyst, who asked not to be identified, said his preliminary calculation of the earnings impact was not as positive as the company's estimate. Kodak closed Friday on the New

York Stock Exchange at \$49.125, up 12.5 cents. News of the merger came after the market closed, the hrokerage firm Jefferies & Co. said that in after hours trading it set a market price of \$44 to \$46. Jefferies said it was making a market in Sterling shares at a bid of

\$89. Sterling's shares had closed at \$78,375, down 50 cents, on the New York Stock Exchange.

Analysts said they were not sur-prised that Kodak, the world's biggest maker of photographic products, made an acquisition in the drug iodustry. The company has entered biotechnology joint ventures and also markets diagnostic equipment. Kodak has been involved to pharmaceutical research since 1984. "Long term, they've had to own

a drug company, and they iodicated publicly they wanted to do that," said Eugene Glazer, an analyst with Dean Witter Reynolds

Analysts said the merger price was a surprise, at \$400 million above Hoffman-La Roche's last of-"They wanted to do it, and they

kind of had to do it in a big bite." Mr. Enderlin said of Kodak. La Roche, which is based in Ba

sel, Switzerland, originally hid \$72 a share for Sterling on Jan. 4, then raised its offer to \$76 and then \$81. Sterling had called La Roche's bid "grossly inadequate," and iodicated it was seeking a friendly suitor.

Foreigners Again Become **Net Buyers of Tokyo Stocks**

TOKYO — Foreign investors have been net buyers on the Tokyo Stock Exchange for four consecutive weeks, ending months of net

In the first week of January, the fourth of those weeks, lovestors from overseas bought shares valued at 117.3 hillion yen (about \$920 million), the second highest weekly total on record. The highest was 140.9 billion yen in March 1986.

The monthlong buying spree came after about 20 consecutive weeks in which overseas investors were net sellers, especially after the worldwide market collapse in October. Foreigners accounted for 22 percent of net selling for October and November. Tokyo analysts attributed the recent buying to a number of factors. On Jan. 6, the government said it would postpone for one year new accounting rules on investment funds called *tokkin*. These funds,

which offer reduced exposure to capital gains tax and have therefore been popular among Japanese companies and financial institutions, have greatly influenced the market in the past few years. The new rules would have required that tokkin funds value their

shares at either the market price or the acquisition price, whichever was lower. That led to fears that the funds would sell shares in order to realize gains before the new rules went into effect on April 1, the beginning of the new fiscal year. Investors feared that this, in turn, would lead to a steady decline in stock prices. The decision to delay the new rules relieved pressure on tokkin

funds to sell their shares. While the funds do not directly affect foreign investors, prospects for the Tokyo market improved, and that may have encouraged foreign buying, according to Richard P. Mat-tione, a vice president for Morgan Guaranty Trust's international economics department in Tokyo.
"It let the Japanese remain to the market," he said, "and all other

things being the same, the more people in the market, the more prices are likely to rise."

Investors were also encouraged, analysts said, by the sharp rise of the dollar during the first week of the new year. With news reports that the Group of Seven major industrialized nations had reached a secret agreement to try to keep the dollar between 125 yen and 150 yen, the dollar surged from around 121 yen to 129.55 yen on the Tokyo foreign exchange market during the week beginning Jan. 4. Both Japanese and foreign investors were reassured by central bank intervention, and the Nikkei index of 225 selected stocks finished the

week at 22,872.56 yen. Analysts in Tokyo said overseas investors needed to get back toto the Tokyo market. If the Tokyo market goes up relative to other markets and foreign investors are not there, Mr. Mattione said, their overall portfolios look bad. Japan accounts for about 40 percent of world stock market capitalization.

While foreigners have often said the Tokyo market's price/earning

ratios are too high, analysts here said this has changed somewhat since October: "The 'P' of the P/E ratio has improved," Mr. Mattione said.

He said, however, that while Japan's market has fallen from its peak

by about 14 percent, other markets have fallen even further. The U.S. market is about 30 percent below its peak. Even though overseas investors appear to be re-entering the Japanese market, analysts here do not believe foreign investors will cause a wave of buying or selling in Tokyo. "Foreign tovestors make up about 3 percent of the market," said Mr. Mattione. "That's not very much,

Retin-A at Least Makes Johnson Look Healthier

aging skin or merely another snake son markets it as an over-the-oil cure, Johnson & Johnson's Retin-A anti-acne cream could be the 101-year-old company's loog sought fountain of youth, analysts

Even though it has yet to demon-strate, though large-scale studies, that the cream can reverse some of the effects of skin aging and sun damage, millions are expected to race to their doctors to get it.

"Sales of Retin-A are already umping because of rumors it might remove wrinkles, so what do you think will happen now?" asked Larry Feinberg, an analyst with Drexel Burnham Lambert.

He was referring to a study published Friday in the Journal of the American Medical Association that showed, the prestigious journal said to an editorial, that, "for the first time, there is good sound scientific work demonstrating the reversibility of the aging process in

The price of Johnson & Johnson's shares, traded on the New York Stock Exchange, jumped \$5.125 Friday to close at \$79.875. the fourth most traded issue of the day. On Thursday, the stock had gained \$3 on news of the report's Since word of the study started

to spread, Johnson's market value has risen by more than \$1 billion. Medical experts caution that the report was based on a small num-

ber of subjects and did not include a follow-up study. There were no indications, the researchers said, that benefits are permanent, with or without continued use of the Retin-A, which contains a derivative of vitamin A, has been avail-

able as a prescription anti-acne medication since 1971. It is marketed by Ortho Pharmaceutical Corp., a division of Johnson & Johnson's Last year sales of the cream jumped 50 percent, to about \$50 million analysts estimate. They also

estimate that sales could

\$100 million a year by 1989, and NEW YORK — Whether it will that it could bring in even \$1 billion turn out to be a true remedy for a year in sales if Johnson & John-

> An Ortho spokesman, Rich Salem, said that Food and Drug Ad-ministration approval would be sought to market Retin-A as a prescription-only treatment for sundamaged skin this year. But, he added, the cream would remain a prescription drug for many years. He said that studies are also underway examining the drug's effect

> on skin cancer. Analysts said news of Retin-A's anti-wrinkle properties could not have come at a better time for Johnson & Johnson.

> "Retin-A signals a turnaround in the company's momentum," said Mr. Feinberg, of Drexel Burnham. "Johnson is a big battleship that has been dead in the water for several years."

David Saks, an independent analyst in New Jersey agreed, added that "Johnson & Johnson needs a new product that will add some luster to the company." lo 1986 Johnson & Johnson

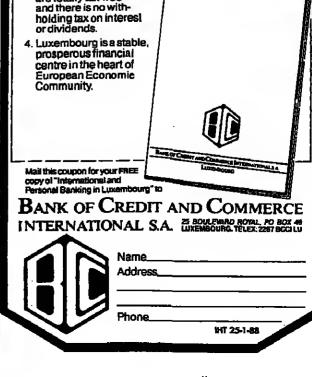
earned \$329.5 million on sales of \$7 billion. Analysts said the company had several other promising products, including a noncalorie sweetener called Sucralose, a nonsedating antihistamine called Hismanol and a red blood cell booster that it has licensed from the biotechnology company Amgen Inc.

But none of these has Retin-A's market potential.

SELECTED U.S.A./B.T.C. WIDTATIONS 2% 2% 3% 13% Alan Jones Pit Stop 2% 2% 13½ Bitter Corp. GoodWark Food 91/2 31/4 1 91/4 MAG Holdings 2% % NAV-AIR Not'l Business Sys. 91/2 Gold, Glory USA Inc. 2% WITH COMPLIANT
CONTINENTAL AMERICAN
indicative market prices

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Nippon Sheet Glass

Optec Dorlchi Denko

Sonken Electric

Showa Bectric Wire

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d with a threat Al-Plan ess conference and gar affidavits to reporte rence began, occupant, ordered Mr. Shashan thout trial for six more neet cynicism or agree Shehadeh, a promeet awver. "It's getting work. the and others say there General Ephrain Seis civil administrator d. ak last September rome he felt powerless to de: ctures of the occupation - s of what American men ople are deponed wither ed to see the cridere at ne late Justice Louis Bas

S. Supreme Coun said ion could cost a man 'al ? fe worth living." And het he have been depend to re not aliens: they war to rom the land of ther bits viship is another comme BS News did a Far program this month at here. When an Arabe of Al Fajr, tried to print the DL the censors snot a li 11 by Irving Shapon for en of Du Pont Company: ortations were abhoraprocess of Lw and finde ss are middle-dass one n the people of the West -- kading figures at an iawvers and leachers (ie. years they have much about the occupation All e might be could has period is over. The Gaza, influenced by k. entalists, stand m spirit spirit spread to the West s have been further at Israeli policy of resur-, by bearing people who have done notice

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Court Is Asked to Block San Miguel Meeting

The widening demand for dollar

assets has meant not only a higher volume of business but also a

Acceptance Corp., Export Development Corp. of Canada and Ek-

sportfinans sold three-year notes.

On the basis of last week's expe-

rience, bankers say it won't be long

before 10-year Eurodollar issues

are again possible.

The lengthening of the maturity

newspaper Malaya said Sunday. It said Neptunia Corp., a San Miguel subsidiary, filed a motion at home.

saying that government nominees on the board would act beyond their powers. Nine of the 15 board members are nominees of the Presidential Commission on Good Government, which sezzed 38.1 million shares of the company on suspicion that they were owned by an asso-volume to the present level of two that they were owner president, For- or three new issues a day and not points, still comfortably within the ciate of the former president, For- or three new issues a day and not points, still comfortably within the ciate of the former president, For- or three new issues a day and not points, still comfortably within the ciate of the former president, For- or three new issues a day and not points, still comfortably within the ciate of the former president, For- or three new issues a day and not points, still comfortably within the ciate of the former president, For- or three new issues a day and not points, still comfortably within the ciate of the former president, For- or three new issues a day and not points, still comfortably within the ciate of the former president, For- or three new issues a day and not points, still comfortably within the ciate of the former president, for- or three new issues a day and not points, still comfortably within the ciate of the former president is a supplication of the former president is a supplication of the former president in the ciate of the former president is a supplication of the former president in the ciate of the former president is a supplication of the former president in the ciate of the former president in the ciate of the former president in the ciate of the ciate of the former president in the ciate of the cia

DM 50 1993 open 100 99.00 Semionaruol coupon indicated at 2%. Noncollable. Convertible at an expected 5% premium. Fees 24/%, Terms to be set

New International Bond Issues

Compiled by Laurence Desvilettes

1995 9% 101% 100,13 Noncollable, Fees 18%,

1991 814 100% - Noncolloble. Fees 116%.

\$200 1991 894 1011/s 100.08 Soncolloble. Fees 11/1%. Also 200,000 worrents, priced a \$16/4 each, exercisable at par into company's \$16% bonds due 1995.

99.40 Noncollable. Fees 256%.

\$200 1995 9% 101% — Noncollable, Fees 1%%, Denominations \$10,000.

\$500 .1993 8% 1011/4 99.90 Noncollable, Fees 1976, Denominations \$10,000

100% 99.00 Noncollable. Fees 2%.

99½ 98.00 Noncollable, Fees 1%%

102 - 99.50 Noncolloble, Fees 2%,

99.25 Noncolichia, Fees 25/76.

99.75 Noncollable, Fees 1%%.

Redeemable and collable at par in 1991, Fees 14%, Denami-

into company's shares at 1,220 yen per share and at 129.70 yen per dollar. Fees 24/16.

into company's shares at 4,961 yen per share and at 128,55 yen per dollar, Fees 26%.

into company's shares of 1,210 year per share and at 129.70 year per dollar. Fees 256%.

one warront exerciscists into company's shares at an expected 25% premium, Fees 25%. Yerms to be set Jan. 27.

one worrant exerciscitie into company's shares at an expected 24% premium. Fees 24%, Terms to be set Jon. 27.

Noncollable, Each \$5,000 note with one warrant exercisable

into company's shares at 974 year per share and at 132.30 yea per dollar, Feet 250%.

one worrout exercisable into company's shares at an expected 24% promium. Fees 24%. Terms to be set Jan. 28.

100 100.75 Noncollable, Each \$5,000 note with one warrant exercisable

99.50 Nancallable. Each \$5,000 note with one warrant exercisely

Noncollable, Each \$5,000 note with one warrant exer

100.00 Coupon indicated at 5%. Noncollable, Each \$5,000 nate with

100.38 Coupon indicated at 5%. Noncollable, Each \$5,000 pate with

98.00 Coopen indicated at 5%. Noncollable, Each \$5,000 note with

104.00 Noncollable. Each \$5,000 note with one warrant exercisable into company's shares at 733 yea per share and at 128.60 yea per cholor, Fees 214%.

100.00 Nancallable, Each \$5,000 note with one warrant exercisable into company's shares at 1,938 yen per share and at 1,28.60 yen per dollar. Fees 24%.

98.50 Coupon indicated at 5%. Nancaliable. Each \$5,000 note with

one warront exercisable into company's shores at an expect-ed 25% premium, Fees 24%. Terms to be set Jan. 28.

one warrant exercisable into company's shares at an expected 2½% premium. Fees 2½%. Terms to be set Jan. 25.

\$150 1991 81/2 1011/4 99.75 Noncollable Fees 11/1/4

\$150 1995 994 10114 99.95 Noncolloble, Face 1%%

\$250 1991 8% 101¼ - Noncollable, Fees 1%%.

DM 300 1998 61/2 1001/4 98.65 Noncollection Fees 21/1/4.

DM 300 1995 51/2 1001/2 98.20 Noncollable, Feet 21/1/4.

DK 320 1991 1014 10094 99.13 Noncollable. Fees 11/15.

C\$ 50 . 1991 -9% 100% 99.25 Noncolloble, Feet 19%.

C\$75 1992 9% 100% 98.88 Noncollable. Fees 11/%

Aux\$ 50 1993 13 101% 100.38 Noncollable. Fees 2%

Aux 50 1991 1214 1011/2 99.88 Noncolloble. Fees 11/2.

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EUROBONDS: Dollar Sector Shrugs Off the Blues

\$ 50. 1993 open 100 . 101.00 Coupon indicated at 5%. Nancallable, Each \$5,000 note with

\$50 1993 open 100 101.50 Coupon indicated at 5%, Nancollable, Each \$5,000 note with

Cooperation Economique, our even its seven-year paper ended the week trading within fees, leaving the market offering yields of 80 basis points, almost a full percent-Cooperation Economique, but per. age point, more than comparably dated U.S. Treasury paper. Caisse Centrale, by contrast, the first to

lengthening of maturities. Until now, two-year paper was the fabasis points over the benchm: rk note that the closing period for the vored maturity.
But last week Nippon Telegraph
& Telephone, Japan Finance Corp.
and Caisse Centrale were able to rate, which was deemed too stingy. By week's end, Caisse Centrale was trading at a margin of around 78 basis points over the Treasury market seven-year paper, Norway rate, while NTT had moved down offered five-year notes and Swed-ish Export Credit, General Motors

to a margin of near 70 basis points.

The notable feature of last week's business, bankers said, was the high quality of the issuers — all government or government-guar-anteed except for the recently privarized NTT and GM Acceptance, one of the rare U.S. corporates still

in favor with the Swiss.

The terms on the GMAC issue were set at 85 basis points over the Treasury yield, but the company also sold warrants to buy 8¼ percent bonds maturing in 1995. The warrants were offered at \$16.25 MANILA — The Supreme cost of funds to a low 20 basis
Court has been asked to stop govpoints over the Treasury rate,

Corp., the Philippines' biggest are expected to tap the market. In-manufacturing concern, from hold-ternational investors are not keep. ing a board meeting an Jan. 28, the on U.S. corporate paper and U.S. companies can raise funds at management group, although a discheaper cost for a longer maturity innguished list of managers was put

The situation is exactly the reverse for the Japanese, whose offered to yield 50 basis points equity-linked bonds are again more than the three-year issue for meeting good demand from both international and Japanese investors. The sector should hold up, bankers say, if underwriters hold

ed from first finance page) profile further demonstrated inves- drowned this sector of the market

unsellable aggressively priced pators' comfort with the unual.

Leading terms were Equally, it reflected the outlook for Not to worry, says Taxuma per. As a result, offering terms were Equally, it reflected the outlook for Not to worry, says Taxuma per. As a result, offering terms were Equally, it reflected the outlook for Not to worry, says Taxuma per. As a result, offering terms were Equally, it reflected the outlook for Not to worry, says Taxuma per. As a result, offering terms were Equally, it reflected the outlook for Not to worry, says Taxuma per. As a result, offering terms were Equally, it reflected the outlook for Not to worry, says Taxuma per. As a result, offering terms were Equally, it reflected the outlook for Not to worry, says Taxuma per. As a result, offering terms were Equally, it reflected the outlook for Not to worry, says Taxuma per. As a result, offering terms were Equally, it reflected the outlook for Not to worry, says Taxuma per. As a result, offering terms were Equally, it reflected the outlook for Not to worry, says Taxuma per. As a result, offering terms were Equally, it reflected the outlook for Not to worry, says Taxuma per. As a result, offering terms were equally in the says and the de-Amano of Yamaichi Securities in Tokyo. "Buying market share is The only exception was the \$300 size to capitalize on the higher inTokyo. "Buying market share is
million issue for Caisse Centrale de: come provided by longer dated palast year's story," he says, alloding
Cooperation Economique, but per. writers that was aimed solely at pushing themselves np nn the league table of most active underwriters.
Although the major Japanese se-

curities firms have just reported retap this maturity, set a margin of 70 cord earnings increases, analysts reports was Sept. 30 and that the Japanese, like many others, suf-fered big losses in the October de-bacle. These analysts conclude that the Japanese are no more eager to arrange business on which there are nn profits than their European or American competitors.

That said, two issues stood out last week as carrying terms regarded as very aggressive.

Daiwa brought Austria to the Euroyen market with an issue of 30 billion yen of 10-year bonds and 40 billion yen of 15-year bonds. The maturities are far longer than investors want and the yields of 5% and 51/2 percent offered no incentive to overcome that resistance. In the Deutsche mark sector,

Credit Suisse First Boston brought Sweden to market with a 300 million DM, seven-year issue bearing a down the invitation to join the

together. CSFB noted that Sweden was Osterreichische Kontrollbank, and deemed that adequate compensa-

tion for a two-year stretch of matunity.

OKB ended the week down 1%

Montgomery Ward Deal Increases GE-Kidder Estrangement

By James Sterngold New York Times Service

NEW YORK - Nothing irritates investment bankers more than losing the huge fees they can earn for arranging major corporate deals. And when the firm's own parent is the one that snatches away the deal, tempers can flare.

That is what happened recently at Kidder, Peabody & Co., the venerable Wall Street firm that was bought by General Electric Co. in 1986.

According to a number of Wall Street executives, who spoke on condition that they not be identified, Kidder investment bankers put together a proposal for Kidder in join with the top executives of Montgomery Ward & Co. in buying the huge retailer from its parent, Mobil Corp., for more than \$1 billion. Kidder expected to receive about \$40 million in fees for providing advice and arranging the financing, and it planned in invest some capital GE had set aside for Kidder for just such purposes, the sources said. It was a plum at a time when such plums are proving rare.

The problems arose when Kidder officials went to General Electric Capital, the financial arm of General Electric, in get some of the financing and an agreement that it could use its capital fund. According to sources familiar with the deal, GE told the Kidder officials that the complex transactions did not contain the appropriate financial architecture and that GE would handle it from

What startled and angered Kidder's investment bankers even more, the sources said, was that they were told not to talk further in the client. That meant that GE apparently was willing to let its subsidiary lose out on the big fees because it was more concerned about protecting the hundreds of millions of dollars it might invest in the deal. GE's finance division is still active in trying to arrange a buyout of Mantgomery Ward, the sources said.

"We're not going to comment on transactions under way," said Gary Wendt, chief executive officer of GE Capital, adding that relations between GE and Kidder had generally been good. But asked whether Kidder's investment bankers had expressed displeasure, he said: "It's nut too surprising in hear that there is concern on Wall Street. We hope that there's not too much of that at According to several Kidder sources, the strains at the firm reflect the collision between GE's tightly structured culture and Kidder's traditionally more free-wheeling atmosphere. There are signs, too, that General Electric might not be entirely happy with Kidder. GE has discussed selling as little as 5 percent to as much as half of its stake in Kidder with a number of potential buyers, includ-

There are signs, too, that General Electric might not be entirely happy with Kidder. GE has discussed selling as little as 5 percent to as much as half of its stake in Kidder with a number of potential buyers.

ing Nomura Securities of Japan. Kidder and GE officials have confirmed these talks for the first time, but insisted that the intent was in find a partner that would enhance Kidder's business prospects in Japan. Still, the uncertainty created by those talks has fanned the discontent at Kidder,

In a way, the dispute is a sign of the times on Wall Street.
GE paid \$600 million for 80 percent of Kidder, expecting a strong alliance to emerge in the then-booming markets. Since, however, Kidder's prospects have been marred by an insider trading scandal and the tougher environment since the street market always. CE Elsa where market convertibles. the stock market plunge. GE, like other major corporations that previously bought interests in Wall Street firms, now finds itself struggling with a business that is contracting, and has asserted more control. That clearly has irritated Kidder's independent-minded investment bankers, whose bonuses were chopped last year and who are leery of missing

out on any deals that come their way.

Max C. Chapman Jr., Kidder's president, insisted that communication between Kidder and GE was strong. He said, too, that he would mit comment on any specific deal, but added that if GE had turned down a transaction "There is a perfectly logical reason for that when all the facts are known."

The Marian State of the Control of t

Just a week ago, GE and Kidder issued a memorandum trying to quell the rumors that "Kidder, Peabody is on the block. This is not true," the memo said. "It is true that some of the firms mentioned would like to own Kidder. In

fact, GE and Kidder have received calls expressing such interest. On each occasion, the answer has been flatly no."

But Thursday, Mr. Chapman, who was one of the officials who signed the memo, said that the talks with Nomura and others grew out of efforts in determine how Kidder could build a stronger presence in key overseas markets.

"It has been apparent to the world that we didn't commit the resources in London and Tokyo that some nthers did and we began to discuss with GE what we should do," he said. "We decided in start with Japan and we discussed the possibility of forming a strategic alliance with someone there as one way in build. GE was not saying, 'We want our money back.' GE said that they would be willing to sell some equity as part of a strategic

alliance if it would enhance the value of Kidder."

Mr. Wendt suggested that such a deal was likely at some point, even if nnt with Namura. "Kidder needs to expand its activities internationally and we think an alliance is the

way to do it." he said. When GE bought Kidder it hoped that the medium-size securities firm would help it complete the process of trans-forming itself from a smokestack manufacturer to a hightechnology and financial services conglomerate. Kidder, however, was snared in the insider trading scandal that led its former top investment banker, Martin A. Siegel, to plead guilty to insider trading charges. He also implicated the firm in having used inside information for illegal profits.

Kidder had to pay \$25.3 million to settle the charges and initiated a major shake-up in its executive suite. Hurting morale worse was the fact that a number of GE officials assumed top jobs at Kidder, asserting control over a subsidiary that had expected in remain autonomous.

Adding to the problems have been the difficult markets. Kidder has said it will lay off about 1,000 employees as it seeks to rein in expenses. It also has had to fight off rumors that its retail brokerage division is for sale, although Mr. Chapman reiterated that it was not

Market Boom Likely to Continue, but Charges May Not Rise

By Carl Gewirtz International Herald Tribune

PARIS - The international credit market made a big comeback last year, with the volume of new loans up 45 percent to a total of \$92 billion, a whisker away from 1982's all-time high of \$98 billion, the Organization for Economic Cooperation and Development reports.

Activity this year is expected to expand further, especially since the unsettled securities markets are likely to drive business back to the banks. And that, most bankers predict, coupled with tougher new capital requirements on banks, is bound to result in higher charges on new loans

of new business about to be money will be used to prepay older launched, there is still no evidence and more expensive credits, althat charges are about to rise.

To the contrary, Thailand last fied which credit will be prepaid, week named 12 banks to arrange a Many bankers see the tende \$300 million credit bearing recordlow terms. The five-year revolving backstop facility carries an annual than two-thirds is taken down.

With front-end fees of 31/2 basis Term Credit Bank, Mitsubishi points, Thailand would pay 15.57 Bank, Mitsui Bank and Sanwa.
basis points over Libor to fully draw Also included are Chase Ma the credit, down from the 27% basis hattan, Commerzbank, Deutsche

points it paid on its previous facility. Bank and Societé Générale. In fact, Thailand expects to pay even less. Alongside the new facili-

INTERNATIONAL CREDIT ty there will be a tender panel of international banks, which will bid for short-term advances. Given the

dearth of new business in Asia, bankers expect Thailand to have to and knows what needs to be done to pay nn more than Libor for threemonth money. These advances will be continually rolled over with the back-up

while comments from bankers to low-cost funds if the roll-over indicate that there is a large volume process ever hits a hiccup. The though Thailand has not yet speci-Many bankers see the tender

panel as leading the way for Thailand to ultimately enter the commercial paper market. fee of 5 basis points, or .05 percent.

Citicorp was appointed to cook.

The charge to draw on the credit is

dinate the loan. The lead manageset at 5% basis points over the Lon-don interbank offered rate and this nese banks — scotching reports

Industrial Bank of Japan, Long- muscle in the credit market.

Also included are Chase Man-

The participation of the West Germans is notable. They have always shied from loans not tied to German exports and if they extend low-cost untied loans it would be via impublicized private deals. One banker, not included in the

syndicate, says that "Thailand is the most professional borrower in Asia get these guys to join" by tying fu-ture, possibly more profitable, business to participation in this loan. This banker also reports that In-

dia, too, is adopting what be calls a Morgan Guaranty last week reported to be planning to tap the ported that the \$500 million credit market include Saab and AGA for the Oil and Natural Gas Company. for the Oil and Natural Gas Com-

mission of India now has 16 banks in the lead management group and almost \$100 million raised through general syndication. chews low-cost business, so its be-

ing named to arrange a low-cost can be extended to seven years if \$300 million financing for Scandiboth borrower and lenders agree. navian Airlines System caused a bit rises by 2½ basis points if more that the Japanese are withdrawing Morgan was advising SAS on its than one-third of the amount is from hw margin business. The sevdrawn and by 5 basis points if more en are Bank of Tokyo, Fuji Bank, probably felt obliged to show its

tures. The issue, nonrefundable for

10 years, was re-offered to investors

at par by an underwriting group

headed by Goldman, Sachs & Co.

the final two years - an average basis points. charge of 5 basis points.

The seven-year life is also aggresmaturity not exceeding five years. basis points over Libor for up to over Libor for more than that.

"It's clearly aggressive," comments a lending officer at a com-peting bank. "SAS can currently borrow up to \$150 million at a cost of only 9 basis points over Libor."

dustrial gases.

in the market seeking a five-year units of account. As usual, the life about \$325 million outstanding.

revolving credit starts at 4 basis sis points over the relevant Libor. points for the first two years, rises There is a utilization fee of 5 basis to 5 basis points for the next three points if more than half the line is years and settles at 6 basis points in drawn, and front-end fees total 6

Waiting in the wings is Air Inter, which will be seeking a facility of 1 sive, as the current fad is for a billion francs. Although long rumored, Credit Foncier has yet to The cost to draw on the credit is 5 decide when to come to the market. In the Euro-commercial paper

half the amount and 10 basis points market. Avis Finance Co. named over Libor for more than that. Samuel Montagu and Swiss Bank Corp. as dealers to market shortterm paper denominated in dollars or sterling. Nn limit has been set on the program. Nationale Nederlanden's U.S.

gan Stanley, Swiss Bank Corp. and S.G. Warburg to act as dealers in Darty, a French retailer special- marketing as much as \$200 million izing in consumer durables, is now in medium-term notes.

The parent is already active in Morgan is another bank that es- facility of 100 million European the Euro-CP market, where it has Caisse Centrale des Banques Po-

both borrower and lenders agree. pulaires, the French cooperative The facility, arranged by Credit banking institution, plans to raise Paris, carries an annual fee of 6 Dealers are J.P. Morgan Securities basis points. Drawings in domestic (formerly Morgan Guaranty Trust franes will cost 15 basis points over Ltd.), Shearson Lehman Brothers, the interbank rate while drawings and Union Bank of Switzerland.

Prices of Fixed-Income Securities Up

By H.J. Maidenberg New York Times Service
NEW YORK — Although many

investors remained idle, awaiting the U.S. Treasury's announcemen Wednesday of its February refinancing operations, the prices of fixed-income securities continued to rise and their yields to decline Friday, despite some brief flurries of pre-weekend profit taking. And while prices of Treasury cou-

pon issues finished below the day's best levels, the gains for the session and week were impressive.

Fir example, the Treasury's closely watched long bond, the 8% percent issue due in 2017, was being offered late in the session at 102 2, up 15/32 on the day and I 6/32 for the week.

The gain caused the yield on the long bond, viewed as a barometer of the fixed-income market, to drop to 8.65 percent, from 8.70 percent Thursday and 8.76 percent a week earlier. At 8.65 percent, the long bond's yield is its lowest since the 8.61 percent reached last July 20.

Also in the secondary market, the Treasury's long notes, the 8% percent issue of 1997, rose 11/32. to 102 23/32, for a gain of 25/32 on the week. The yield on the long notes fell to 8.50 percent, compared with 8.57 percent the week before.

Among shorter maturities, the \$8.75 billion of two-year notes the Treasury plans to auction Wednesday traded nn a when issued basis in yield 7.46 percent, down from 7.49 percent the day before. Discount rates on Treasury bills

also were off, with that on the 90day bills slipping 2 basis points, to 5.82 percent; the six month issue was down 3 basis points, to 6.19 percent, but the one-year bill rate was unchanged at 6.38 percent. Also reflecting the increase in available funds, the basic overnight interbank lending rate, or the federal funds rate, was at 6% percent down about one-fourth of a percentage point on the day.

"The low funds rate was just one of the positive factors in the bond market," said Robert H. Chandross. chief economist at Lloyds Bank We've also had on balance a flow of poor economic data this week. "The market is also being buoyed by expectations of a smaller refund-

U.K. Blocks Bertelsmann Reuters

LONDON - The Manopolies

and Mergers Commission blocked

the planned acquisition by Bertels-

mann AG of W.H. Smith Group's

half share in Book Club Associates.

ing terms of which will be an-well see the funds rate back up to nounced next Wednesday, as well as 6% percent next week," he said. the decline of \$500 million in the The easing of interest rates enamount of two-year notes to be couraged a flow of corporate debt

sold" then, he said. Topping the offerings. These included \$100 million of Kimberly-Clark Corp. 30-year 9.5 percent sinking fund deben-

good news are reports that the Japanese institutions will be back buying the new long bonds next month."

While these positive factors may prove to be of a short-term nature, Mr. Chandross said, "the fact is the bond market today is a short-term affair. But, this aside, no one wants

to fight the tape."
William V. Sullivan Jr., chief economist at Dean Witter Reynolds, generally agreed with this assessment, but noted that the Treasury's reduced borrowings resulted from a large inflow of tax revenues, mostly corporate payments. This may be temporary and we could

U.S. Consumer Rates 7.61 % Money Market Foods Describer's 7-Doy Average Bank Money Merket Accounts Bank Rate Meniter Index 582 % Home Merigage, FHLE EVEROPE

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15.12.88 106 106 2x2 8.71 8.80
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M. Georges-Andre Cuendet

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Indosuez Asia Investment Services Limited (Manager)

Asia Securities Trading Company Limited, Thailand (Advisor)

January 25, 1988

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WASHINGTON - The U.S. banking industry faces another year of turnoil, with economic depression in the oil industry, uncertainty about the U.S. economy, major losses on the \$500 billion in loans to lesser developed countries and the slim chance that Congress will act to let banks compete fully in the securities arena. These economic and regulatory problems could benefit the industry in the long run if

banks respond in ways that make them leaner and more competitive. If the economy slumps, however, many banks that have suffered from the financial problems of the Southwest could be pushed over the edge, according to regulators and ana-"hinge upon the outlook for the U.S. economy and further developments regarding the Third World debt situation," said Anthony R. Davis of Wheat First Securities of Richmond, Virgins of what Americansme

ment strategist for Dean Witter Reynolds, declared: "Industrial America has risen from the dead,"

He said that industrial-materials companies such as chemicals, papers, and metals "are at the fore-front and have re-established market leadership in the last few weeks. We now expect capital goods com-panies to increase their relative market strength and believe that technology stocks will be full par- on economic weakness." ticipents."
On the other hand, according to

the Pershing Division of Donald-son, Lufkin & Jenrette Securities ket, while not always measurable, is Corp., "Retail, consumer durables. and service groups should be avoid-

Shearson Lehman Brothers, now merged with E.F. Hutton, predicts a decline in interest rates through midyear and suggests that bonds and other fixed-rate investments make good sense in that environ-

Economists in the housing field predict relatively stable interest rates this year, which would be good for home builders and other real-estate interests.

James W. Christian, chief economillion in 1988, about the same as estimate was on the optimistic end market is still too queasy to mount

By Kathleen Day

Prospects for bank performance in 1988

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In an overall sense, the looming

senior economist at IDS-American vesting. Express in Minneapolis. "It won't be disastrous but any money made in the first part of the year will be given back later. The stock market does not do well when it is focusing in 1988."

The Dow could trade in a range 1,800 to 2,000, Mr. Melton said. nevertheless a significant factor, most analysts said.

in recent days, as stock prices alternately raced upward and slid rapidly, the market was being affected by the perception of volatility, according to Monte Gordon, research director at Dreyfus Corp.

EC Farm Talks Fail Again Buyers step back from the market because they fear its volatility but their absence then contributes to

more volatility. The opening of 1988 has been disappointing to many investors and analysts who were hoping for a repeat of the "January effect." A four trading days and many techni-

ing the crisis.

to out-of-state buvers.

are expected in the Southwest,

credit card lending," he said.

For foreign debt problems, 1987 was a water-shed year for banks. Prompted by Citicorp,

which set aside \$3 billion for possible loan losses, the industry began to formally recognize

that large portions of its debt to Latin America

with Latin American debt problems," said L. William Seidman, chairman of the Federal De-

posit Insurance Corp., the federal agency that insures deposits at banks up to \$100,000.

He said that confronting the problem brought the industry one step closer to resolv-

But the domestic economy is also worrisome.

The Southwest economy continues to be in a

slump. The longer the depression continues, the harder it will hit banks there and the stronger

the pressure will be for consolidations or sales

Regulators say they expect bank failures to

1,650 (4.1 52 2.6 1,66 3.0 640 4 40 2.1

.04 .60

total just under 200 in 1988, slightly less than

the 203 last year. As in 1987, half the failures

"It was the most constructive attempt to deal

recession will have its own psychological impact on the market.

cently advised that they were entering one of the most dangerous went public last year and promptly

This is going to be a fairly disyears of the decade." The warning appointing year in the stock marcame from Jay Schabacker, author of the newsletter Mutual Fund Insenior economist at IDS-American vesting.

This is going to be a fairly disyears of the decade." The warning were demolished.

New issues as a group were among the biggest losers in the market crash. Standard & Poor's

Mr. Schabacker said he looked for a 10 percent rise in the market this year but noted that many of 1987's fund winners "will be losers

"In 1988," he said, "we'll have two enemies to fight: recession and inflation, and the funds that proteet against the one may be inappropriate protection against the be said

tors who like to take chances. For come."

OUTLOOK: For Wall Street, Question Is When Recession Will Arrive Mutual-fund investors were re- instance, some analysts see oppor

> New Issues Index declined 27.6 percent between mid-October and Dec. 31 for a net loss of 13.9 per-

cent for the year, Since then, "new issue activity has come to a virtual hait," said

Robert Natale of S&P. "After years of outperforming the overall stock market, the newissues market is in a dismal state,"

"Many of these issues may not The volatility of the market does return to their original offering have its appeal, however, for invesprices for months or even years to

BRUSSELS — European Community farm ministers ended talks here Sunday without agreement on price curbs, which are seen as the key to revisions of the community's

mist of the U.S. League of Savings rise in stock prices often accompanies that new nies the opening of a new year. The made progress on details of plans housing starts will total about 1.6 January effect this year lasted only to limit spending on oilseeds and cereals, which had caused talks to last year. He said, however, that his cal analysts said they thought the collapse Wednesday. Britain and

proposals made by West Germany would not provide enough savings. Agreement on farm price curbs is vital to the success of a meeting of EC leaders in Brussels on Feb. 11 and 12 to discuss financial changes. The dispute over how to stop farm

spending from consuming two-thirds of the annual budget of \$47 billion has left the group, which is nearly bankrupt, without a 1988 budget. Its emergency financing the Netherlands continued to block system is expected to run out of agreement, however, saying that money this summer.

U.S. Bank Prospects in 1988 Hinge on Economy ularly in such segments as construction and years have closed banks whose assets accounted

bling rise in problem loans at banks in the Northeast. One bright spot for banks comes from the

And regulators have seen a slight but trou-

for 30 percent of the state's banking assets.

Oct. 19 stock market collapse. Banks could win back some of the business they lost to Wall Street security firms as execu-

tives finance corporate operations by borrowing money rather than by selling stock. Chances also are good that bank regulators among the top 12 industrial countries will agree

on common capital rules, which would take the world closer to a global regulatory framework. Prospects are less rosy for winning a push to get Congress to repeal a 55-year-old law that

And a continuing drain to bankers will come from bundreds of troubled and mismanaged savings and loans institutions, which sell the same services that banks sell but have been allowed to operate using riskier standards.

The S&Ls' problems have hurt consumer and investor confidence in the U.S. financial system

and have raised banks' cost of doing business,

hars banks from most securities activity.

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For Bold Martin Marietta, The 'Pac-Man' Has Paid Off

By Louis Uchitelle

New York Times Service NEW YORK - When Martin Marietta Corp. invented the "Pac-Man" defense in 1982 - boldly bidding for the very company that was trying to take over Martin Marietta - many on Wall Street wondered whether the aerospace giant could survive its speciacular

Even though Marietta's earnings were weak, it decided to borrow the \$1 billion needed to finance the retaliatory acquisition of Bendix Corp. and thus halt the raid of William Agee, the Bendix chairman. By the end of that dramatic and convoluted takeover, Allied Corp. had entered the picture, swallowing Bendix. Marietta, while still free, had quadrupled its debt, to \$1.2 billion, considered an insupportable amount for a company with only \$3 billion in revenue and \$97 million in net income that year.

The Pac-Man defense, named for a video game, seemed so drastic, n fact, that it was not tried again until last week, when American Brands Inc., fighting a hostile takeover attempt by E-II Holdings Inc., announced a cash tender offer for E-11.

But Marietta did manage to get out from under its debt and it thrives today. Thomas Pownall, the chairman who engineered the survival strategy, has acknowledged that the 1982 drama spurred him to carry out the same restructuring that Mr. Agee probably had in mind.

Mr. Pownall, 65, and Norman R. Augustine, 52, who recently was
promoted from president to chief executive and vice chairman, bet the company, in effect, on aerospace, Mariena's principal line of business. The cement, chemical and aluminum divisions, although they had come to represent a big portion of Marietta's operations, were

sold and the proceeds used to reduce long-term debt.

Debt, in fact, shrank to about \$500 million in 1983, although Martin Marietta had to lay out a considerable sum to buy back a huge block of its stock that had fallen into Allied's hands. But the back-to-basics approach was well timed, and Marietta benefited from the commonpia of military contracts awarded by the Reagan administration.

The Maryland-based company had risen to corporate prominence in the postwar years as the principal manufacturer of the U.S. Air Force's Titan vocket and the army's Pershing missile. After the Challenger space shuttle exploded in January 1986, the air force had to go back to using the Titan to send satellites aloft and Marietta received nearly \$4 billion in new rocket orders.

Contracts for the space shuttle's fuel tanks and a prosperous nilitary electronics business pushed total revenues to more than \$4 hillion last year, from \$3 billion in 1982. Net income rose to more than \$230 million, from \$97 million in 1982.

And Friday, Marietta got a \$508 million federal contract to build a giant computer simulation for the Strategic Defense Initiative. The announcement of that contract came after the closing of the New York Stock Exchange, where Marietta's stock had risen 12.5 cents, to \$43.50 — still well below its 1987 high of \$56.50, but more than twice the price in 1982.

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DIET: New Challenges to la Cuisine

(Continued from first finance page)

Jacques Vidal, sees the success of the company's low-sugar jams as a promising market indicator. These ams, although now Hediard's only low-sugar product, account for 30 percent of total jam sales.

"We are currently evaluating a new line of low-calorie sauces and prepared dishes," said Mr. Vidal, citing as an example a taragon sauce that has only 32 calories for every 292 grams."

Philippe Gautier, a beverage in-dustry analyst, said that French sales of soft drinks rose by 2 percent annually in 1985, by 5 percent in 1986 and by 7 percent in 1987. At the same time, he noted, the consumption of alcoholic beverages was decreasing.

Leading brands of soft drinks and mineral waters, such as Coca-Cola, Orangina and Perrier, be said, "will definitely be in a good position to launch a new product, and the market for nonalcoholic beverages is large." Mr. Gautier said he thought that "Coca-Cola represents a life-style that appeals to young people in France. The company's ad campaigns are and will be very effective."

Market studies conducted by Orangina and Coca-Cola show that their most important consumer, group is likely to be women, aged 18 to 35, who are figure conscious. Coca-Cola will target this group during its initial ad campaign, ac-cording to Cyriac de Salaberry, a company spokesman.

Orangina see the stiffest competition for its light drink coming from mineral waters. "In New York a secretary will have a can of diet soda on her desk while her counterpart in Paris will have a bottle of Contrex," said Roger weight-conscious," she said. "They Adida, commercial director for come to Lenôtre to eat exceptional Orangina. "Until now, people who food — we use butter, sugar, eggs wanted to avoid sugar-based drinks drank mineral water."

food — we use butter, sugar, eggs and fresh cream, not exactly the ingredients of a low-calorie dish."

Option & price Colls

Mr. de Salaberry disagreed. "Coca-Cola light is for people who want to watch their figure; mineral water is for people who want to lose weight," he said.

In France, the per-capita annual consumption of mineral waters is about 65 liters (17 gallons), compared with about 23 liters for soft drinks. The country ranks as the lowest in Europe in drinking Coca-Cola, with a per-capita intake of 4.5

Coca-Cola's Mr. de Salaberry attributes these low sales to traditional French eating habits. "In Germany, where tastes are Americanized, per-capita consumption of Coke is 35 liters annually," he said. "While we have no hopes of people drinking Coke with vin chasseur or boeuf bourguignon, the fast-food trend that began in France 10 years ago is a very significant indicator of a rapidly growing

Henri Luquet, the marketing director for Perrier, which has done well in both the United States and France with a fruit-flavored mineral water, was equally confident that his company could do well in the growing French health-food marker. He cited a 1986 poll of eating habits that showed one out of three Frenchmen eating low-calorie food, one out of two limiting fat intake and one out of two watching sugar intake.

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"There is definitely a market for low-calorie food in France," said Sylvie Gille-Naves, daughter of Gaston Lenôtre and spokeswoman for Paris's internationally famed family-owned Lenôtre caterers and restaurants.

But, she added, "not for us,"

American Exchange Options Flaures as of close of trading Friday.

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"Obviously the threat of a recession next year But there are other regionals causing conr ntal legal rights arous does evoke concerns over credit quality, partic-NASDAQ National Market OTC Consolidated trading for week ended Friday.

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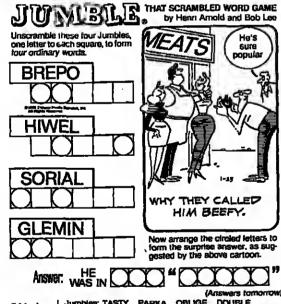
entries

58 Soccer great 63 Wife of Saturn

O New York Times, edited by Eugene Maleska.

DENNIS THE MENACE

'Don't worry Joey. He's waggin' his tail!"



Jumbles: TASTY PARKA OBLIGE DOUBLE Answer: Why the shopkeeper said tarewell to that bar-gain merchandise—IT WAS A "GOOD BUY"

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SPORTS

Spilman and Don Sutton.

SPORTS BRIEFS

Haas Leads Tway and Azinger in Hope Golf

INDIAN WELLS, California (UPI) — Jay Haas sank a 50-foot (15-20-meter) wedge shot for eagle Saturday to fight off challenges by Bob Tway and Paul Azinger and take a one-stroke advantage entering Sunday's final round of the Bob Hope

Haas, who had shared the lead with Azinger entering the day, stood at 20-underTom Roberts, who ruled last par 268 after his 4-under 68 at Bermuda Dunes. Tway, following a 67 that featured a September that major league club pair of eagles at La Quinta, was 19-under. Azinger, with a 70 at La Quinta, was

Dave Edwards (a 65 at Indian Wells) and Mark O'Meara (a 68 at Bermuda Dunes) were three strokes back of Azinger and five off the pace at 273. The tournamen! was scheduled to end at Indian Wells — the shortest and easiest of the four desert courses used in the 90-hole event — where Haas shot a blistering

America's Cup Defenders Opt for Catamaran

SAN DIEGO (AP) - Sail America, forced into an early defense of the America's Cup, confirmed late Friday that it would defend late oext summer in a catamaran against the monohull of New Zealander Michael Fay. It also said that it would do so in Long Beach, California, or Hawaii - not the home waters of San Diego Yacht

Club, where the trophy oow resides.

The two boats are scheduled to meet Sept. 15 for the first of a best-of-three-race series. Fay's syndicate is building a monoholl 90 feet (27.36 meters) at the waterline;

the U.S. catamaran likely will be smaller and lighter. Fay issued his challenge last July based on a literal interpretation of the 100-yearold deed of gift that governs cup competition. A court found Fay's challenge valid, scuttling plans for a 1991 regatta off San Diego in 12-meter yachts, the boats used in the cup for the past 30 years. Sail America then said it too would abide by the deed which it says allows the defender to pick the venue and its own boat.

Solution to Friday's Puzzle

TELLS TIROL NIE
ASSETS ZAP ASAP
VELAZOUEZ
ATTY ALI STINTS
TRA ASACK AZURE
LITHE SANDS TIN

SELLERS LOWTIDE SELINA TOPLESS

I CAN UNDERSTAND

YOUR FEAR OF BEING

ALONE, CHARLIE BROWN.

BEETLE BAILEY

COOL

ANDY CAPP

WIZARD of ID

REX MORGAN

I'VE COME FOR

THE READING OF MY

HUSBANOS WILL

I GOTTA HAND

IT TO YOU, BEETLE, YOU'RE REALLY

1-25

PEANUTS

ENNUILOIRE

North 21, South 7

MOBILE, Alabama (AP) - Washogtoo's Chris Chandler and Doo McPherson of Syracuse threw touchdown passes to spark the North to a 21-7 victory over the South in Saturday's 39th Senior Bowl, the all-star game that marks the end of the college football order. It a player remains unsigned after March I and intends to continue as a free agent, his old contract is voided.

Chandler engineered a 99-yard scoring drive in the first period, hitting with another team, his former club will ool receive compensation unyard TD pass. McPherson, the All der the ruling. American who led Syracuse to an 11-0l record, hit Anthooy Miller ol Cennessee on a 53-yarder 50 seconds

The South leads the series, 19-17-3, not included in the ruling because

TRIED THAT ONCE.

I THINK I'D REALLY

PANIC

.. AND AFTER PAYMENT OF

MY JUST DEBTS

WHY CAN'T YOU AND

YOUR DOG DO SOME

THINGS TOGETHER ?60 OUT

AND CHASE SOME RABBITS.

THANKS

NO. JUSTA BIT PUZZLED

Free Agency Is Restored for 7 Key Players

ers, including outfielder Kirk Gib-son and catcher Carlion Fisk, were declared free agents late Friday by an arbitrator in haseball's 1985 free-agent collusion case.

berroth had no comment. owners had conspired to restrict movement of free agents, said all 62 free agents in the 1985 class could file for individual damages. Gibson's agent, Doug Baldwin, son between \$3.5 million and \$4

said the player would begin enter-taining offers Monday from his present team, the Detroit Tigers, strong indication

Besides Gibson and Fisk, of the Chicago White Sox, the players were Tom Brookens of the Tigers, relief pitcher Donnie Moore and catcher Butch Wynegar of California, outfielder Juan Beniquez of oronto and pitcher Joe Niekro of

Don Fehr, executive director of the Major League Players Associa-tion, which filed the collusion complaint, said the seven players had until March 1 to decide whether they wanted to continue to be free

Fehr said existing cootracts between the players and their teams remain intact and unchanged" until a player signs a contract with a new clob or the player decides, after March 1, to remain a free agent. If a player remains unsigned after

The seven players declared free agents were among 14 from the 1985 group still active in baseball. The other seven apparently were

A RABBIT CHASED US

FOR FIVE MILES!

I'M CONSIDERING

I 60

ANY

The Associated Press they had subsequent chances to be LOS ANGELES — Seven playcome free agents. They are Danny them," Fehr said. Dannage hearings them," Fehr said. Dannage hearings them," Fehr said. Dannage hearings them, "Fehr said. Dannage hearings them," Fehr said. Dannage hearings them, "Fehr said. Dannage hearings them," Fehr said. Dannage hearings the same than the sam Darwin, Jim Dwyer, Tommy John, will resume Mooday in New York, it he added. David Palmer, Jamie Quirk, Harry

Fehr said the message to the owners was: "You colluded, you Baseball commissioner Peter Ue-But Barry Rona, chief of the water to make it right. If it is a signal, it is

a signal that the arbitrator intends owners' player relations committo honor his obligation - to do ter, said: "It's a bad decision." justice, if you will." Fehr said some damage cases Fehr said it would have been would be filed immediately. Bal-

better if the ruling were issued 18 dwin has said collusion cost Gibmonths ago. "I would much rather there hadn't been collusion in the We think [the ruling] is a very strong indication that the arbitrafirst place. I would like nothing better for the clubs to honor their tor understands the violations and

contracts," he said. Gibson returned to the Tigers with a three-year, \$4.1 million contract in 1985 after failing to land a joh with another team.

There are only a few clubs that Kirk would like to play for," Baldwin said after learning of Roberts's ruling. "The criteria are approximately the same now as they were in 1985. We obviously will be last year, while Wynegar hit 207 in talking to the Tigers to see what their posture is, and there will be Brookens 241 in 1987. some other teams. We will probahly go forward sometime next

While not sure this was a landit has been a good day for the players. We believe that certain kinds of relief were necessary and

with 24 home runs and 79 runs batted in, is the prize free agent of this group. It has been reported that a trade involving Gibson and said. Pedro Guerrero of Los Angeles was on Gibson's status.

arbitrator's decision," said Dan show you."

lander. n Oper

KOREBOARD

a vanding:

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Section 1 Sectio

A CALLA

Basketha

As for the other six players, Niekro is 43 and Fisk is 39. Niekro is under contract for \$800,000 this

season, while Fisk will get \$700,000. Moore and Wynegar are physically questionable; Moore is in the final year of a three-year deal paying him \$850,000 this season, while.

Wynegar is getting \$733,000. Neither Beniquez, who is pursuing arbitration with the Blue Jays. oor Brookens come close to star status. Brookens is signed for \$350,000 and Beniquez was offered \$344,000 in arbitration but wants

\$450,000. Niekro was 7-13 with a 5.33 earned-run average last season. Fisk hit 256 in 454 at-bats with a .241 average, 13 homers and 59

92 at-hats. Benignez hit .251 and

"What we don't know, and only time will tell, is whether this has been an effective remedy for these players," Fehr said. "We would mark decision, Fehr said: "I think have liked for the ruling to be more

sweeping."
Another arbitrator, George Nicolau, is expected to make a deciappropriate. This was one of them.
We're certainly glad to see it and think it makes sense."

Gibson, who hit 271 last season with 24 home runs and 79 runs
with 24 home runs and 79 runs

Chicago Cubs and catcher Lance

Chicago Cubs and catcher Lance

Chicago Cubs and catcher Lance

Parrish of Philadelphia. "That's down the road." Febr.

"In my view, the clubs' conduct held up pending Roberts's ruling in 1985, the clubs' conduct in 1986; the clubs' conduct in 1987, was so The only thing that the ballclub brazen, so hlatant." He said it was says is that we will abide by the as if the owners were saying "We'll

WORLD STOCKS IN REVIEW / Via Agence France-Presse

Kirk Gibson

... The prize of the class of 1985.

Amsterdam stock prices scored a slight gain last week, after a jump of almost 10 points on Monday was whittled down during the rest of

Kempen & Co. brokerage house in Amster-dam said stock prices had now probably

reached bottom.

previous Friday.
Volume was 6.56 billion guilders, against

7.12 billion for the previous week. Some Dutch companies reported satisfactory results as their financial year ended, and profit forecasts are more positive than analysts

U.S. monthly trade deficit, but operators took

1,246.4, up 17.5 points from the previous Fri-

The market suffered during the week from reaction to allegations that Nukem GmbH

German stock exchanges totaled 9.92 billion Deutsche marks, against 8.44 billion the previ-

Hong Kong

Prices fluctuated on the Hong Kong stock market last week. The Hang Seng Index ended 7.39 points lower for the week at 2,422.38, while the hroader based Hong Kong Index finished 3.7 points down at 1.583.67.

Average daily volume was 936.6 million Hong Kong dollars, against 677 million the provious steek.

The Hang Seng gained an impressive 82,42 points Monday as the market reacted positively to favorable U.S. trade statistics.

A selling spree Thursday pushed the Hang Seng Index down in what many dealers de-

London

the London Stock Exchange, oo renewed wor-ries about the U.S. trade deficit and the dollar. A batch of discouraging British data, includ-ing a fall in the retail sales index for December and in industrial production for November, and a surge in bank lending figures by a record £4.5 hillion (\$8 billion) combined to keep the market in the doldrums.

ended 15.7 points down on the previous week, at 1,421.0.

Trusthouse Forte and ASDA-MFI lost some

Group showed strong gains after its decision to spin off its oil interest in a complex agreement with Dutch group SHV Holdings.

ished at 258.1, compared with 270.8 the previous Friday.

The January trading account wound up on Thursday, with a loss of 10 percent. Losses in previous trading months were 21.5 percent in October, 16 in November, and about 3 percent.

in December. Analysts said that many small savers believe. that things will get worse in the oext few months, particularly because of uncertainty in connection with the spring presidential elec-

Bourse specialists look, on the average, for a further drop of 20 percent in prices this year.

Singapore
Favorable U.S. trade statistics brought a huying spree on the Singapore stock exchange last Monday, pushing up the Straits Times industrial index by 47.79 points to close at 917.59, its highest level since the October

But share prices fell during the rest of the week and the index closed 35.13 points lower at

Volume for the week was up by 35 percent to rose 50 percent, to 344.3 million Singaore dol-

Keppel Warrants remained the most active stock, with a turnover of 10.7 million units: 25.

Tokyo

Share prices posted a substantial gain last week, as the dollar fluctuated against the year and a leading interest rate was trimmed, trig-gering anticipation of a fresh cash influx into the market

The Nikkei average of 225 selected issues, down 268.91 yen the previous week, closed at 23,125.33 yen Saturday for a 521.83-yen weekly advance.

It was the first time that the Nikkei had topped 23,000 yen since Dec. 11.
Volume rose to 513.8 million shares a day on average from 459 million the week before. The value of stocks traded also rose to 544.18 billion yen a day, from the previous week's 438 billion yen.

billioo yen.

Demand for export-oriented issues seesawed during the week, along with the fluctua-tions in the dollar. Analysts predicted a further rise this week.

Zurich

Zurich stocks had an irregular week. A strong rise on Monday on the U.S. trade figures was followed by a downward trend the rest of the week before a slight rise on Friday.

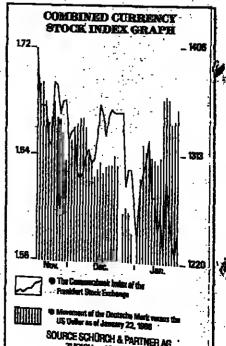
The Swiss Bank Corp. index closed at 463.3, up from 459.8 the previous Friday, and the Credit Suisse index at 411.0, against 408.3.

Credit Suisse index at 411.0, against 408.3.

Operators said there were some signs of market recovery, with somewhat higher volume and the appearance of new Swiss and foreign huyers. Insurance companies resumed stock purchases.

Some stocks made big gains, such as Lindt, which ended the week at 20,750 Swiss francs, against 18 000 the previous Friday, and Alberta 18 000 the previous Friday.

against 18,000 the previous Friday, and Alususse at 535, against 470.



Amsterdam

The ANP-CBS general index closed the week at 214.1, a gain of 3.7 from 210.4 the

Philips was under pressure because of uncertainty on the dividend yield.

Frankfurt

West German stocks jumped by 5 percent last Monday, on news of the reduction of the profits on the following days.

The Commerzbank index finished at

illegally transported ouclear waste, and from rumors of lower dividends to be paid by Deut-sche Bank, Daimler-Benz and Nixdorf. Friday brought some recovery, thanks to

foreign investors.

Volume for the week oo the eight West

scribed as a ocryous response to similar trends on major overseas markets. It recovered slightly Friday in bargain hunting.

Shares were dull over most of the week on However, values managed to shake off some

of the gloom hy Friday, encouraged by improvement on the Wall Street and Tokyo markets, and hy a reviving dollar.

The Financial Times industrial share index

ground despite announcement of better than expected figures, while the gas company Calor

Milan

After gaining 3.3 percent Monday, in line with trends in other world exchanges, Milan stocks fell back the rest of the week for a total

stocks fell back the rest of the week for a total loss of 1.01 percent.

The Milan Stock Exchange Index, reset at 1.000 points at the start of the year, closed at 980 points, against 990 the previous week.

Olivetti, losing 0.53 percent, and Fiat, 0.3 percent, resisted well. Bot Montedison fell back 2.27 percent and Mediobanca, whose partial privatization has just been approved by the state-owned group IRI, by 3.16 percent.

SOURCE SCHORCH & PARTNER AG ZURICH · AMSTERDAM

Paris Paris stock prices declined last week to end-1985 levels, as many small stockholders bailed oul on lears of losing even more money. Prices lost 5 percent. The CAC index fin-

"YEAH, BUT HE'S BARKIN", TOO, AN' I DON'T KNOW WHICH END TO BELIEVE!" JUMESTEE THAT SCRAMBLED WORD GAME
by Henri Arnold and Bob Lee









THEY'RE PAYING

SPORTS

Wilander, Graf Win Open Titles kro is 43 and Fish is 39 No.

Acore and Wynegar are play y questionable, Moore and y questionable; Moore is not leave the dyear of a three-year ded as the him \$850,000 this season with the Beat of the leave arbitration with the Blue by a come close to a season with the blue by a come close to a season with the blue by a come close to a season with the blue by a come close to a season with the blue by a come close to a season with the blue by a come close to a season with the blue by a come close to a season with the blue by a come close to a season with the blue by a come close to a season with the blue by a come close to a season with the blue by a season with the MELBOURNE - Mats Wi-

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at-bats. Beniquez hit 251 kg

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e clubs' conduct in 1987, var

azen, so blatant." He sadan

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in Agence France-Pres

compared with 270.8 thepe

vill get worse in the next to

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ow you."

Brookens come doe to se tos. Brookens is signed to se A day earlier, Steffi Graf won the women's title, setting up what she hopes will be a grand-slam year. In a four-and-a-half-hour match Nickro was 7-13 with 1 13 delayed twice by ram, Wilander, 23, rallied from a deficit of two sets ned-run average by sea to one to collect his fifth grand-th hit 256 in 454 at but was also the winner average 13 homes to be a 1983 and 1984. average 13 homes and

Moore was 2-2 with five many a 2.70 ERA with California tyear, while Wyneger him me "What we don't know, and at an an effective remedy in the syers. Febr said, we to his second straight title. Since 1983, only winners of the championship.

The victory Sunday was the 27th grand prix singles title for Wilander, who was the third seed. eeping." Another arbitrator, George au, is expected to make 14. "It was a great match," he said. "Pat showed great sportsmanship." Wilander, who was cheered by hundreds of Swedish fans, led 2-0

ontreal. Andre Dawson of a rish of Philadelphia. The Swede broke Cash's serve in the 13th game of the final set, then That's down the mad to the 13th game or the that show to clinch the "In my view, the clubs me

1985, the clubs' conduct in the Cash, the fourth seed, was seeking his second grand-slam title. He booing to be the first Australian to win the title in Melbourne since

servative play, making 76 percent of his first serves, compared to 60 percent for Cash, who also had 48 set handily and led 5-1 in the sec-

made conditions difficult for both

set tiebreaker and then won it 7-3. He appeared to be on the verge of victory when he took the third set, which also was interrupted by rain. But Wilander did not wilt. He made few errors in the final two sets, while Cash often had to

Stramble and lunge.
"It was windy at the beginning and I lost rhythm on my service,"
Cash said. "Mats was returning incredibly well.

"I'm not greatly disappointed, although 1 obviously wanted to win 1 felt I played well. I didn't leel tired in the fifth set. I just wasn't as quick as I would like to have been." Graf won her second grand-slam crown with a 6-1, 7-6 (7-3) victory over Chris Evert on Saturday, a first step toward a 1988 sweep. Graf, the 1987 French Open champion, said that accomplishing

major events in one year - was a tough goal. "It's a good way to start — the best 1 could have," she said after beating Evert. "To win here is very important for the whole year, but I

a grand slam - winning the four

have won just one tournament, It's a long way ahead to start talking about winning a grand slam." Evert, 33, winner of 18 grand siam events, judged Graf's chances. "I would be surprised if she won a grand slam, especially this year," Evert said. "I would be surprised if

is getting tougher." Against Evert, Graf won the first imforced errors to 21 for Wilander. ond before the American rallied to



Steffi Graf: High hopes for 1988.

win five straight games. Graf recovered to win the next game and force the tiebreaker, which she won.

Graf led the first set, 2-1, when play was halted for 90 minutes by heavy rain. After a brief delay, officials decided to hold the rest of the match under the retractable roof at the tennis center.

The match, which lasted an hour and 11 minutes, was the first grandanybody won it - the competition slam final to be played indoors.

"I didn't have too much difficulty with the roof and lights," Graf said

Evert agreed, saying that Graf was "a much better indoor player." The West German hlamed impatience for letting Evert back into

"The match depended on how l played," Graf said. "If I used my forehand, it was hard for her. If I play well, I know how difficult it will be for another player."

though the American leads their series, 6-5. It was Evert's sixth Austra-Open final; she has woo two.

Tyson Puts Holmes Away in Four

By Phil Berger

New York Times Service ATLANTIC CITY, New Jersey -Back in November, at the Larry Holmes Training Center in Easton, Pennsylvania, the man after whom the facility was named was standing before the speed bag, talking riffing, really — as his hands beat a

badly hurt

was all right.

All right, in this case, was rela-

steady rhythm on the small bag. "I ain't going to do pothing to hurt me," be intoned. "I love me. Thank you, Jesus. Lord, have mercy. Thank you for giving me the will and determination to be a champion. Thank you for giving me the power to be strong."

Rat-a-tal rat-a-tat, went the speed bag. Holmes took a deep breath, and continued: "This old man is gonna shock the

world! They going to say, '... and the N-E-E-W-W-W CHAAAAM-PI-0000N...!" At the Convention Center here Friday night, oo such words were

spoken on Holmes's behalf. As before, the best laid schemes and dreams of Mike Tysoo's opponents

In Holmes's case, they also went crashingly horizontal. In the fourth round of a scheduled 12-round bout, Tyson, the undisputed heavyweight champion, hit Holmes a thudding right hand to the jaw and confirmed what Holmes appeared to know from the moment he stepped tentatively from his corner for the openbell: There was no way, at 38 and a grandfather, that he was going to withstand Iron Mike.

Three times in the fourth round, beginning with that persuasive right of Tyson's, Holmes went down.

After the first decking, Tyson did what be does best: He went after his man with a fury. Occasionally, Holmes shot back a punch. But mostly he was leaning this way It was Graf's fifth consecutive and that, trying to do with his up-straight-sets victory over Evert, alcouldn't -get out of harm's way of Tyson's pile-drivers.

> Even as some of them missed, it was apparent that with Holmes twisting and turning from the punches he was no longer safely tucked behind his defenses; but instead was offering Tyson inviting oew angles of attack.

The third time Tyson knocked hard. There was no question in the mind of referee Joe Cortez that the fight was over. Not bothering to count, Cortez waved off further proceedings at 2 minotes 55 seconds of the fourth round.

Holmes's handlers, in half-sleeve Holmes he made the strategic ad- survival-mioded. And when he red satin jackets bearing the words justment. "SHOCK THE WORLD," clam-Holmes

bered through the ropes, obviously 3 with 34 knockouts, did not turn fearful that their fallen fighter was up at the postfight news confer-badly hurt. up at the postfight news confer-ence. But his trainer, Richie Giachetti, made an appearance later at According to Cortez, though, chetti, made an appearance later at the Holmes sat up and assured them he go up against Tyson, coovinced that his style is flawed, Giachetti

tive. In 50 previous fights, Holmes had been knocked down only three times, but he had never been knocked out. In most of those inbox," said Giachetti. "He caught stances (against Kevin Isaac, Ear-Larry he couldo't.'

nie Shavers, Renaldo Snipes) it had been the right hand that battered him. Tyson, the beneficiary of the not the textbook fighter. But he world's largest boxing film library exists as a natural force in the ring, that of his managers, Bill Cayton able to defy some of those boxing and Jim Jacobs - had looked at laws regarded to be immutable. more than a few of Holmes's fights time his right hand to Tyson's for-

perfect reason for fetching him a right hand. Although Tyson's left book is conviction he had in his prime. lo

Holmes, whose record is oow 48-

offered faint praise. "Tyson is young and he's fast and he still don't know how to my man standing still, and I told

It may be that Tyson, undefeated in 33 fights, with 29 knockouts, is exists as a natural force in the ring, Holmes tried without success to

and had noted Holmes's propensity for carrying his left hand low, the ward rushes, the part of the champion's style that leaves him vulnerable. But Holmes lacked the Although Tyson's left book is conviction he had in his prime lo dleweight, light-heavyweight and probably his best punch, against the first two rounds, he appeared cruiserweight championships.

deigned to act otherwise, Tyson took advantage.

With his previous victory over Tyrell Biggs, and with the knockout of Holmes, the 21-year-old Tyson seems to be growing more assured of his powers.

"People are always saying I'm a cheese champion," he said after-ward. "All those fighters that think I'm no good - just keep coming to the fights so you can get lessons.

■ DeLeon Keeps WBC Title

Carlos DeLeoo retaioed his World Boxing Council cruiser-weight title Friday night with a unanimous 12-round decision over José Flores, United Press International reported from Atlantic City.

DeLeon, of Puerto Rico, blood ied Flores's cose in the seventh and backed him up the rest of the way to improve to 47-4. The Uruguayan challenger fell to 84-10-7. Flores has held the South American mid-

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Mike Tyson, nailing Larry Holmes with a thudding right to the jaw in the fourth round of their title fight.

SCOREBOARD

Basketball

NBA Standings EASTERN CONFERENCE

13 26 333 ts 8 29 214 19

| Mudwest Territory | March | the week was up by 55 parts.
I units, and the value of less sentiles.

FRIDAY'S RESULTS

Mostern 27 II II—184
Addiducty 89, Clork U. 33
Bird 10-214-727, McHole8-733-1224, Wilkins

Northeastern 87, Hortford 72

Mois Wilander (3), Sweden, def. Pol Cosh 14), Australia, 6-1, 6-7 (3-7), 3-6, 6-1, 8-6, MEN'S DOUBLES FINAL, Jim Pugin and Rick Leach, U.S., def. Jeramy Bores, Britoin, and Peter Lundaren, Sweden, 4-3, 6-2, 6-3.

WOMEN'S SINGLES FINAL Slefff Graf (1), West Germany, def. Chris Evert (3), U.S. 4-1, 7-6 (7-3). WOMEN'S DOUBLES FINAL

MIXEO DOUBLES FINAL Jim Push, U.S., and Jana Novatra, Czecha-lavakla, del. Tim Gullikson and Martina Mayrattleve, U.S., 5-7, 4-2, 4-4,

Hockey

78 14 6 42 237 178 27 16 7 6 12 19 167 20 20 6 46 171 180 182 16 29 6 37 186 232 FNIDAY'S RESULTS

Housiey 3 (21), Rustitu 2 1191, Folk

Los Angeres
Winnipeg
Wilson (2), MocLeen 121), Kumpel 111,
Okusson 111, McBolo (21): Fenton 1151, Robirollie (30), Corson 120), Shots on god: Los
Angeles Ion Berthloums 111-8-8-27; Winnipeg Ion Melanson 9-7-15-31,

2 2 1-5

N.T. Komers Vancasver Sondstrom 2-(15). Dahlen (16). Ogradnick 1161. Poddubny (30), Peterson (2): Sutter (9). Skrike 2 179). Shets ea seal: New York Ion Capricel 13-13-15—41; Vancouver Ion Van-

Hull 2 (20), Mullen 2 (22); Probert 123), poot: Calgory | on 8 list) 12-7-10-1-30; Detroil (on Vernan) 11-7-7-0-25.

Meetredi 1 2 6 2-3 Gotasz (2), Lonev (5), Simmer (7); Dehlin (9), Weiter (9), Skrudland (6), Shets se godi: Pittsburgh (on Hayword) 11-12-1-30; Men-treol (on Pietranselo) 18-19-9-44.

Potvin (72), Sutter 116), Kerr (15): Simpson 2 (32), Shots on geal: Edmonton (on Hrudey)

10.7.11_20; New York (on Futur) 7.13.7_27.

non, Fuhr. New York, Hrb 201-3 McKeoney 3 (22), Federko (10), Turnbull (9): Duchesne 111), P. Stashny 1311, Goulet (25), Shels en seal: St. Louis (or Tugnull 5-3-4—14: Quebec (on Alillen) 13-14-10—37,

European Soccer

Valladolid 8, Real Madrid 2 Real Socieded 2, Gijon 8 Marcia 1, Zarogeza 1 Bells 1, Las Palmas 1

Attelico de Madrid 2, Cadiz 1 Borcelona & Ososuna 1

Español 16: Bells 15: Murcia, Los Polmas 13: Logranes 12: Sabadell 17.

Pescord 1, Inter Alton 1 Roma 3, Ascoli 0 Torino & Aveillee 0

MRN'S DOWNHILLS
(Al Leukerbod, Switzerhod)
1. Michael Mair, Italy, 2:19.08
2. Gloraka Plantanida, 1taly, 2:19.42,
2. Werner Perathoner, Ikaly, 2:19.49,
4. Bernhard Fahner, Switzerland, 2:11

Alberto Tombo, Italy, 204 points Pirmin Zurbriggen, Swi

rdelli, Luxembourg. 62 19. Helmul Mayer, Austria, 61

1. Vreni Schneider, Switzerland, 38.4140.78—1.19.11
2. Christa Kinshofer-Guithlein, West Germanny, 38.94-40.79—1.19.73
3. Corisme Schneidhouser, Switzerland, downhill victory of the Winter, while his compatriot Vreoi

WOMEN'S OVERALL STANOINGS

Transition

BASEBALL American Loupte
AlinnESOTA—Signed Grep Gagne, shortstop, to a one-year confract.
NEW YORK—Signed Dave Righetti, pitch-

CINCINNATI-Signed Nick Esosky, first bosemon, to a pne-year contract.
PHILADELPHIA—Signed Lance Porrish,
colcher, ia a one-year contract,
BASKETBALL National Basketball Ass

contract.
WASHINGTON—Reactivated Dorrell Walker, guard. Irom the injured list. Placed Jay Murphy, torward, on the injured list.

Sabadell 3. Athletic de Blibao Lagranes 2, Español 1

sorgeona y Jaseuna I Cetta 2, Sevilla 8 Peints: Real Modrid 32, Alletica Modrid, Real Sociedad 27, Bithos 23, Valledolla, Oss-suna 211 Cetta. Codiz 29; Zaropoza, Sevilla, Gilan 19; Barcelona, Valencia 18; Mallorca,

Logropes 12/ Subodell 17, ITALIAN FIRST OIVISION Come 1/ Javentus 1 Emcoll 2, Sompdorld 2 Mitten 1, Pisc 0 Napoll 2, Ceteng 0

24; Oxford 23; Walford 22; Charlian 20.

Michael Mair, Ifaly, 74
 Reb Boyd, Canada, 53
 Frank Piccard, France, and March Gir-

WOMEN'S DOWNHILLL

Varonike Wellinger, Austria, 1:44.0. Michaele Fioini, Switzerland, 1:44.6. Pelro Kranberger, Austria, 1:44.69. WOMEN'S SLALOM

Mahrer elinched the race in 2 5. Blanca Pernandez Ochoa, Spola, 128. 6. Anita Wachter, Austria, 120. 7. Sigria Woll, Austria, 94.

Notre Dame Upsets Kansas; Sooners Hold Off Pitt

Verona 1, Flurentina 6
Pelatis: Napoli 27; Akilan 24; Romo 22; Somo-dorio 31; Inter Alion 10: Juventus, Verona 14; Tarina, Cesena 15; Pescora 14; Ascoli, Floren-tino 13; Piso, Coma 11; Aveiliko 6; Empoli 7, Encel 1. Manchester Unifed 2
Chariton 6, Liverpool 2
Chariton 6, Liverpool 2

Newcastle 2, Totlenham 8
Southampton 0, Nerwich 0
Watford 0, Nottlingham Forest 0
Points: Liverpool 62; Nottlingham Forest,
Monchester United 45; Everton 45; Arsend 43; Wimbledon, Queens Park 49; Luton 35; Sheffield Wadnesdon 34; Totlenham 33; Southampton, Newcastle 32; Chelsen 31; West Ham 30;

World Cup Skiing

Doniel Mohrer, Switzerland, 2:17.53,
 Franz Heinzer, Switzerland, 2:17.91
 1gor Clooite, Italy, 2:18.00
 Felia Belezyk, Canada, 2:18.68
 Gustav Ochril, Switzerland, 2:18.66

MEN'S OVERALL STANDINGS

rconds.

2. Brigitte Certil, Switzerland, 1:44,14.

4. Comilia Nilsson, Sweden, 39.13-46.73— 5. Motela Svet. Yugoslavia, 28.94-41.52-

Franz Heinzer, his teammate, was second, 0.38 seconds behind 8. Michaela Gers, West Germany, and Ka-

in 2:18.00.

ments of the joint together.

the course upset the favorites.

LEUKERBAD, Switzerland -

while his compatriot Vreoi

slalom in Badgastein.

Schneider was winning a women's

LEAGUE—Suspended Michoel Cooper, Los Angeles Laker quard-forward, and Pai Cum-mings, New York forward, one same each for their ports in a fight in a game Friday night, GOLDEN STATE—Agreed to terms with Dave Happen, center-forward, to a two-year

Saturday, Rivers made 14 of 15 free Jayhawks, 80-76.

when he hit both ends of a one-andthe inbounds play.

back down." With 1:13 left, Pritchard hit a 3missed the first half of a one-and-

effle Associated Press have tied the score.

The Associated Press ... scored 28 points and Mookie Blay-SOUTH BEND, Indiana - Da- lock made two key free throws with vid Rivers was at the right place at four seconds left as the 11th-the right time against Kansas here ranked Sooners held off No. 6 Pitt. throws, including six in the final a 17-point deficit in the second half minute, and scored 29 points as to pull within 84-83 with nine sec-Notre Dame upset the 16th-ranked onds left on Jerome Lane's basket. Blaylock, who finished with 19

Notre Dame (11-4) trailed the points, was then fouled and hit entire first half and was down by 11 hoth ends of the one-and-one to with 13:39 left in the game before provide the winning cushion for 16-rallying. Rivers sealed the victory 2 Oklahoma.

fouled the speedy senior guard on throws in the final 1:16, as Purdue, ranked fifth in the country, sur-Kansas," Rivers said. "Even when Purdue (17-1) extended the nagames, tying a school record.

Princhard foul made it 76-72, Notre fourth-ranked Wildcats. Kentucky Dame. Danny Manning, who to-taled 22 points, scored off a re-Conference with a 5-2 mark; LSU

Swiss Skiers Take 3 of 4 Races. Chatman and 20 from Michael Smith to snap New Mexico's 13-game how winning streak.

Duke 103, Wake Forest 70: lo downhill race at this level," she Greensboro, North Carolina, jusaid. "It resembles a regional com-nior Danny Ferry tallied 29 points - 10 of them during a two-minute Oertli boosted her point total to span to start the second half — as racked up an Atlantie Coast Con-

> After holding an 11-point halftime lead, Duke (12-2 and 3-1) rode Ferry's hot shooting to take a 57-39 lead with 17:51 left. Ferry made 10 of 15 shots and seven of seven free throws to tie his career-high point total, set two weeks ago against

> Missouri 119, Jowa St. 93: lo Columbia, Missouri, Derrick Chieyous came off the bench to score 30 points and Byron Irvin had 22 of his 24 in the first half as the Tigers

and outrebounding ISU, 32-15.

crashed just before the finish line, in 1:44,14. Veronika Wallinger of injuring his elbow and ribs. The Austria placed third in 1:44.60 for Austrian-born racer had trouble the best finish of her career.

Gafoer's victory meant that head in disappointment after an incomplete the last year with a shoulder that kept Gafoer's victory meant that head in disappointment after an incomplete the last year with a shoulder that kept Gafoer's victory meant that head in disappointment after an incomplete the limits of the last year with a shoulder that kept Gafoer's victory meant that head in disappointment after an incomplete the limits of the last year with a shoulder that kept Gafoer's victory meant that head in disappointment after an incomplete the limits of the last year with a shoulder that kept Gafoer's victory meant that head in disappointment after an incomplete the last year with a shoulder that kept Gafoer's victory meant that head in disappointment after an incomplete the last year with a shoulder that kept Gafoer's victory meant that head in disappointment after an incomplete the last year with a shoulder that kept Gafoer's victory meant that head in disappointment after an incomplete the last year with a shoulder that kept Gafoer's victory meant that head in disappointment after an incomplete the last year with a shoulder that kept Gafoer's victory meant that head in disappointment after an incomplete the last year with a shoulder that kept Gafoer's victory meant that head in disappointment after an incomplete the last year with a shoulder that kept Gafoer's victory meant that head in disappointment after an incomplete the last year with a shoulder that kept Gafoer's victory meant that head in disappointment after an incomplete the last year with a shoulder that he will be a should be Illinois 79, Northwestern 48: In popping out of joint; he underwent Switzerland remains unbeaten in only average performance over the ence rout. Nick Andersoo added 16 and Glynn Blackwell 12 as Illinois

season, a string broken only by Rob and overall World Cup standings, lack of snow. A super giant slalom a school-record eight steals) as Boyd of Canada in December and managed only fourth place, in on Monday also has been moved to lowa, ranked 19th, rallied to win. The Hawkeyes had trailed by as

lander of Sweden captured his players. Wilander led by a set and third Australian Open on Sunday with a 6-3, 6-7 (3-7), 3-6, 6-1, 8-6 two points for 5-1 after the resumption, but the momentum swung hoped to be the first native to win the inte since 1976. Cash rallied to force the second-

here in 1983 and 1984. The match was watched by a sellout crowd of 15,000 at the new National Tennis Center. Cash, 22, lost in the final for the

second successive year. In 1987 he was defeated in live sets by Stefan Edberg, another Swede, who won Wilander and Edberg have been the

arges involving 1986 fee actualing confielder Tim Risks in the final set, but Cash came back

won Wimbledon last year and was

Mark Edmondson in 1976. Wilander won with steady, con-

trading account wound no h a loss of 10 percent loss; ing months were 215 percent November, and about 3 perc id that many small savers belo

ith the spring presidential de zialists look, on the average he of 20 percent in prices this ye ore

U.S. trade statistics brough on the Singapore stock ending pushing up the Strats Inc. lex by 47.79 points to due: lighest level since the Ocur prices fell during the reside index closed 35.13 points loan Uton

units, and the value of the Southon att. (C 344.3 million Supartie Properties arrants remained the most or surnover of 10.7 million mit

first time that the Nitto: No ven sence Der. 11. see to 513.8 million shares and 1 450 million the week below. seks traded also rose to se day, from the previous work for expon-oriented issist g the week, along with the

predicted a further use the se locks had an irregular act. on Monday on the US make flowed by a downward and lock before a slight rise of the Bank Corp. index does at a S characters.

Her, with semental that The location company to the made his cains and the increase his cains and the week at 20.74 Sales in the last the week at 20.74 Sales in the last the las

MBINED CTRRENT OCK INDEX GRAPH

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98 the Freyous Frida at a trace of 4110, against at 110, against at 110, against against a trace of these were as a large

the Planton France 5. against 170.

Secremento 24 33 39 21—97
Thous 9-19 4-4 22, Thorpe 5-11 7-9 17; William 7-11 2-4 16, M. Jockson 5-9 5-5 15. Rebounds: liew Vork: 41 (Green 9). Secremento 42 (Kleine 11). Assists: New York 19 IM. Jockson 12). Secremento 22 (Theus 6). Secremento 27 (Theus 6). Secremento 2

U.S. College Results

FRIDAY'S SCORES W L Pct. 08 Amherst 79, Bowdoin 6 28, 11 7 718 — Clorkson 74, Ishoca 67 18 10 500 892 Comy 64, Decision 65 14 21 900 12 Comy 64, Decision 65 14 21 900 12 Completon 78, Houster 67 Amherst 79, Bowdoin 63

writtens El, Bates B0
PAR WEST
Alaska Pacific 77, Montana Tech St
Colorada St, 78, Son Diese St, 54
date El, 75, Nevado-Reno 72
Poset Sound 97, Alaska-Foirbenks
Son Francisca St, 19, Cal-Davis 75 SATURDAY'S SCORES American intt, st. Serinsfield 58

Geldes Seite 21 (Carlond 19-174-24). Sompson 9178-218. Rebessés: Goldes Stote 53 (Sompson 9178-218. Rebessés: Golde

beends: Som Anfonko 53 IBrickowski 151, Utch yold 171, Austral's Son Anfonko 53 IBrickowski 151, Utch yold 171, Austral's Son Antonko 121, Sund 171, Austral's Son Antonko 121, Williams 171, Austral's Son Angeles 35 4. 4 All PWEST New York At 13, 125 23—113

Abdul-Jobber 11-12 2-24, Worthy 5-13 71-15

Angeles 55 44. C. Green 97, Assists: New York At 23, Oction 85, Indiano 51, 63

Powner York 46 (S. Green 77, Last Orthon 45, Michigan 48, Aliami, Onio 46

27 (Jockson 14), Las Angeles 38 (Scott, Johnson 11).

Pentlend 15-27 9-9 39, Kersey 12-23 0-0 14;

Profitend 15-27 9-0 39, Kersey 17-23 0-0 14;

Profitend 15-27 9-0 39, Kersey 17-23 0-0 14;

Profitend 15-27 9-

Eilis 19-30 44 67, McDoniel 19-17-5-11-2a;
Laimbeer 19-10-12-12, Mohoron 19-10-3-1-18, Paperinds: Detroil 30 (Laimbeer 14), Seattle 56
g Ister 13), Assists, Detroil 30 (Thomas 15),
Bottle 26 (McAttlinon 14),
SATURDAY'S RESULTS
LA. Citipeers
Sap Antesia
25 28 22-100
Antenial 9-19-7-7-25, Wood 3-13-4-5 31; Orew
10-12-4-22, Woodsen-7-18-5-419, Rebounds: Las
Angeles 46 (Cage 11), Son Antenio 48 (Robertson 18), Assists; Las Angeles 29 (Drew 7), Son
Antenio 29 (Wood 8).
All Inventure
36 16 25 19-97
Aguirre 13-22-9-93, Harper 3-13-2-20; Press24 27 39-113
Aguirre 13-22-9-93, Harper 3-13-2-20; Press24 9-15 4-4 22, Sikma 7-17-6-7-26, Rebounds:
All-Woulden-C (Commings, Sikma 12), Dailos 57
(Donoldson, Torpley 14), Assists: Milwoulden
16 (Monroriel, Lucits 4), Dollos 29 (Harper 12),
Golden State
24 21 23 71-94
Chicago
Jordon 13-19-10-13-26, Presson 3-13-0-18; HigJordon 13-19-10-13-11-10-13-11-10-13-11-10-13-11-10-13-11-10-13-11-10-13-

Tennis

Australian Open MEN'S SINGLES FINAL

NHL Standings

PARLL CONFRRENCE

W L T Pts GF GA

24 17 6 44 188 157

20 23 6 45 155 146

29 25 3 43 171 199

14 28 6 36 158 206

14 27 7 35 170 198

Golden State 24 21 25 71— 94
Chicage 25 32 33 30—121
Jordon 13-19 10-13 36, Posson 3-13-0 18; Higgs 15-10 4-4 14, Tesque 5-14 4-4 14, Goriand 6-1711 12, Reboonds: Golden State 36 (Pront 6), Chicage 62 (Corzine 11), Assists: Golden State 36 (Pront 6), Chicage 62 (Corzine 11), Assists: Golden State 36 (Pront 6), Air Force 86, Hawell 79
Chicage 62 (Corzine 11), Assists: Golden State 36, Howell 79
Chicage 62 (Corzine 11), Assists: Golden State 36, Howell 79
Chicage 62 (Corzine 11), Assists: Golden State 36, Howell 79
England 79
Brighom Young 89, New Mexico 22
Golden 510 7-9 17; Wolker 70
Tobus 9-19 4-4 22, Thomas 5-11 7-9 17; Wolker 71, E. Texas St. 69, OT

Austrolla, 6-9, 7-5.

Basten 8 4-4 Mellanby 2 (14), Howe (18), Poutin 114), Propp (17), Cressman (8); Crowder (18), Kku-zok (4), Larson (5), Bourque (11), Sheis 88 post; Philoselebida (on Lemain, Kaons) 13-8-4-25; Beston Ion Hesdail) 10-13-18-41. nos (7), Lormer (19), Stupleton (2); Olczyk 122), Leerson (20), Shets on goot: Chi-cogo (on Wrooget) 17-16-9—36; Toronto (on

1 2 0 1-3 Weshington 2 1 6 8—3 Tucker (6), Feligne (17), Routhe (29); Gould (7), Houlder (1), Gortner (31), Shots on goot! Buffata (on Peeters) 8-8-2—21; Washington (on Borrosse) 11-12-42—29.

4. Bernhard Fahner, Switzerland, 5. Felix Beiczyk, Canada, 2:28.13.

Michelo Figini, Switzerland, 185 onints.
 Brigitte Oerili, Switzerland, 173.
 Vreni Schneider, Switzerland, 145.

Compiled by Our Staff From Dispatches WORLD CUP SKIING Swiss skiers won three of the weeksmooth runs down a short women's end's four World Cup races, taking one of two men's downhills here slalom course to win Sunday in a total time of 1:19.11. Christa Kinand two women's events in Badgashofer-Güthleio of West Germany finished second (1:19.73) and anoth-

er Swiss, Corinne Schmidhauser,

It was Schneider's second victory

of the season and the 13th of her

career. Earlier this month she won

a giant slalom in Tignes, France. Brigitte Octtli of Switzerland won

was third (1:19.79).

of the season.

victory in six men's downhills this the favorite, who leads the downhill

minutes, 17.53 seconds, with a speed surge at the end of the results of both weekend events fincourse, sweeping through an icy ishing second in the down curve and the stretch to the finish. day and 12th on Sunday. ishing second in the downhill Satur-In the downhill, the last one for despite the handicap of starting next month in Calgary, she was creasingly faster course that had live light contact the women before the Olympics

surgery in the offseason and now downhills this season, making the course's bumps and icy curves. and Glynn Blackwe has a steel pin holding the ligateam a lavorite for the gold medal. The two Leukerbad downhills took control early. has a steel pin holding the liga- team a lavorite for the gold medal nents of the joint together. at Calgary.

Sunday's was the fourth Swiss Michaela Figini of Switzerland,

Michael Mair of Italy at Leukerbad 1:44.62. on Saturday, when fresh snow on She complained about the gastein. Schneider combined two

petition."

standings to Figini, who has 185.
In the men's downhill Saturday in Leukerbad, Mair surged to his first cup victory in more than two years, leading an Italian sweep in a topsy-turvy race. Mair started 10th and glided elegantly down the circuit's longest course to win the season's fifth downhill in 2:19.08 for the third

World Cup triumph of his career.

Two little-known Italians, Gior-

gio Piantanida and Werner Perath-

oner, finished second and third as

late starters profited from an in-

first. Igor Cigolla of Italy, who defeated by her teammate Beatrice about 12 inches (30 centimeters) of started 32d, was a surprising third Gafner, who scored her first victory snow overnight. The course favored good gliders Two-time World Cup holder Gafner sped down the winding and was a major disappointment Marc Girardelli of Luxembourg course in 1:43.80. Oertli was timed for the Swiss aces. Pirmin Zurbrig-

> which were canceled because of a points and Bill Jones added 21 (and Leukerbad.

The Panthers (13-2) rallied from

Purdue 91, Louisville 85: In Louone with three seconds left after isville, Keotucky, Troy Lewis Kansas (12-5) had taken its final scored 15 of his 23 points in the time-out and Kevio Pritchard second half, including five free

"We felt going in we could beat vived a furious second-half rally. they took an early lead, we didn't tion's longest winning streak to 16 Kentucky 76, LSU 61: lo Batoo pointer for a 72-72 tie, hot Gary Rouge, Louisiana, Rex Chapman Voce's basket put the Irish ahead. and Winston Bennett led a 10-3 Rivers hit hoth ends of a one-and- surge over a three-minute span earone with 42 seconds left after a ly in the second half, sparking the

bound with 32 seconds left but is 9-6 overall and 4-2 in the SEC. one with 15 seconds that could have tied the score.

Dirightant 1 one of a One-and one with 15 seconds that could have tied the score.

Seconds Time Usevitch scored 24 points. Brigham Young 89, New Mexico Robert Brickey, left, outreaching Ralph Kitley of Wake Forest, scored 10 points on Saturday to help Duke to its 103-70 ACC romp.

Norman, Oklahoma, Harvey Grani ranked Brigham Young to a Western Athletie Conference victory. BYU also got 22 points from Jeff Chatman and 20 from Michael

> 173, moving closer in the overall ference rout

> > Missouri, 11-4 overall and 1-2 inconference, huilt 30-point leads in the first half by shooting 66 percent

replaced races on the classic Lau- lowa 102, Dartmouth 87: In lowa berhorn course at Wengen, Austria, City, B.J. Armstrong scored 22

The next events for the women many as 11 points in the first half course, which was thinly covered in are statom and giant statom races and led by only 83-81 with 7:37 In a continuous snowfall in Badgastein. Schneider combined two places despite snowfall Friday.

This course is not worthy of a places despite snowfall Friday.

This course is not worthy of a places despite snowfall Friday.

This course is not worthy of a places despite snowfall Friday.

UPI, AP) up a 95-85 edge with 3:58 to play.

France's 'Impossible Anniversary'

PARIS — The bicentenary of the French Revolution falls next year and it will be grandly commemorated - after all, the centenary of 1889 gave the world the Eiffel Tower — but the ques-tion is how? Commissions have been appointed, papers published and studies made. There is no answer in view. In an article head-

MARY BLUME

Anniversary," the newspaper Le Quotidien de Paris ootes, "A single question troubles the spirit: What is it that we shall be cele-brating in 1989?"

What indeed? The romantic notion of the people rising against injustice is no longer tenable in the cold light of modern history when no one can agree on who the people were, and when the very word is loaded with political over-

Were the revolutionaries mere regicides? Did the middle classes storm the Bastille? Is Robespierre a hero or villain? Was it all the fault of Voltaire and what precisely did the Vendée uprising mean? Was Louis XVI, as one historian maintains, really German with only one-eighth of the blood in his

Even the year the Revolution began has been questioned. The Dauphine region of France has announced its intention to begin its celebrations one year early on the grounds that the revolutionary impulse was given at the Grenoble parliament in May 1788. So far the beneficiaries of the confusioo are French publishers who are doing a lively trade in

books - one publisher says there will be at least 800 - covering every aspect of the Revolution from every point of view. Says Le Monde, a veritable monument of paper has been erected to the Revolution but oo one knows whether the monument's purpose is to praise or blame, cherish or curse. One privately printed book leaves no doubt: illustrated by prints of bloodthirsty hooligans in Phrygian bonnets, it is called, "Why We Woo't Celebrate 1789."

In fact, the ouanced judgment ems to be that it will be 1789, rather than the Revolution, that will be fêted. "We will celebrate 1789, the joyous revolution, and



An anonymous artist depicts the "truth of the Revolution" (right); another sketches one of its betterknown instruments.

not the bloody revolution that fol-lowed," says Didier Hamon, who has been seconded from the Ministry of Culture to run the Mission du Bicentenaire, which was created jointly by President François Mitterrand and Prime Minister Jacques Chirac.

"Anything you say about the French Revolution has got an immediate party political reference," says the British historian Eric Hobsbawm, who attended an indecisive meeting of historians in Paris last March to discuss how the Revolution should be commemorated. "So whatever comes out at the end will presumably be some kind of cohabitation."

One date that is incontrovertible and that has long been associated with such apolitical acts as him at a recent bicentenary event, dancing in the streets and setting off fireworks is July 14, when the Bastille fell. Even so there is now a slight question about how long
July 14 lasted: According to Edgar Faure, the president of the

solution about how long

"Very easily," Faure replied, rate the Revolution in the way going smoothly oo to discuss the

Mission du Bicentenaire, it began movement of ideas and the banon the evening of July 13 and ner of bberty which enveloped so lasted until the morning of July many aristocrats. "Reconciliation

Edgar Faure, the 80-year-old politician whose distinctions are varied and many and who is known for his nimbleness of mind and volubility of tongue, has proved to be the ideal spokesman for ideological cohabitation. He talks mostly about the Declaration of the Rights of Man as the attract private funds, le sponsor-most enduring and least conten-ing as it is called in French. Half most enduring and least contentions event of the Revolution and. the future being less controversial than the past, he likes to emphasize the year to come: the Rights of Man in the Third Millennium is one of his pet subjects.

"can you imagine that the descendants of people whose heads were cut off would celebrate such a

site in the Paris region. In June 1988 there will be an exhibition of 136 commemorative projects at La Villette, and next month the second issue of the Mission's oewspaper, "Bicentenaire 89," will be published despite the edi-tor's problems in finding contributors among historians from the Right A company is selling miniature guillotines for 380 francs, plus postage, and the Mint, or Mon-

a huge outdoor concert by Jean-Michel Jarre on Bastille Day and

a Revoparc, or revolutionary

theme park, oo an undetermined

naie, is producing special coins including a tricolored 10-franc piece on which the blue unfortunately did not come out as hoped. The Monnaie is also seiling commemorative earrings, clips, brace-lets and chains, most of which bear the effigy of Louis XVI and Marie-Antoinette, although several have an emblem of Liberty

The bicentenary of the French Revolution was to have been celebrated by a marvelous World's Fair, which was canceled. In retrospect, it looks as if it would have been the best sort of commemoration: revenue-producing tourist-attracting and totally un-controversial. "It would have been bigger and better, but that's that." Didier Hamon says.

The 1889 World's Fair, in addition to the Eiffel Tower, gave Paris a oew Sorbonne building and a 200. The only permanent pur-pose-built reminder of the 1989 bicentenary will be a huge arch in the Defense section just outside Paris. At Edgar Faure's instigataking eager tuition from the tion, there will be a center for the United States, out in how to orga-

> Presumably, once funds start pouring in the Missioo du Bicentensire will move out of its pre-sent state of vivacious lethargy and into discernable action. The problem, Didier Hamon says, is to coordinate activities that are so decentralized and so divergent and so different. The Mission has its headquarters on rue Talleyrand, named after Charles Manrice de Talleyrand (1754-1838), the French statesman who once observed that those who had not lived before the revolution would oever know how sweet life is.

LANGUAGE

Cut to Chase and Rule, Rule, Rule

By William Safire

Wadvised Maureen Dowd, a reporter for The New York Times, more than a year ago. She said that ruling, long used by Soviet propagandists to derogate American democracy in the term ruling circles, was now being used here as a participle to mean "advanced, with it, avant-garde" or "in." Two quite different senses are in use, confusing the incognoscent: the first is "doing well, going along fine," as in "My day is ruling"; the second sense is "socially dominant," as in "lackie O. rules"

Magazine on Nov. 9, 1986, about a social phenomenoo called a celebratante (a combination of celebrity and debutante), in particular the suddenly well-known Lisa Edelstein of New York City, who was cutting a swath

Comes now a new magazine called IN Fashion. There on the cover picture of Charlie Sheen and

of Women's Wear Daily; it updates cafe society, which was the term used in the '20s to separate the merely celebrated from the old-line, old-money, "real" Society, often broke hot always capitalized.

In Cleveland Amory's 1960 "Who Killed Society?" the coinage of cafe society was pinpointed to an evening at New York's Ritz in 1919, when the first "Cholly Knickerbocker" — the columnist Maury Paul - noted that Society figures were dining out on Thursday nights (maid's night off), and concluded that a new night life was dawning, which he dubbed

café society.

Now we are titillated by nouvelle society. The use of the French adjective nowelle was probably inspired by nouvelle cuisine, which in turn was rooted in nouvelle vague, a phrase used by film directors in the late 1950s

The feminine adjective notwelle matched the femimine noum société (though in France, leaders of the big-money establishment and their debutante daughters are called le beau monde, "the beautiful world," I am informed by Women's Wear's Patrick McCarthy). Nowelle contrasted suitably with the masculine nouveau, which called up nouveau riche, a label that the longtime snooty hang on the recently snooty; these moneyed pretenders are also sniffed at as social climbers by those to the manor born who know how to wield a lorgnette (eyeglasses attached to a handle, once

defined as "a dirty look on a stick").
In societese, nouvelle society is New York-based and

HOTELS

GREAT BRITAIN

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Guide to

Business Travel

freshly wealthy or newly notable. "It's not to be confused with the jet set," I am told by Claudia Cohen, Eyewitness News reporter with New York's WARC-TV, whose beat includes these freshly celebrated newsmakers; "those beautiful people are much more inter-national than nouvelle society."

ultz Pron Beautiful people, a phrase possibly rooted in le beau monde, is attributed to the Vogue editor Diana Vreswith it, avant-garde" or "in." Two quite different senses are in use, confusing the incognoscenii: the first is "doing well, going along fine," as in "My day is ruling"; the second sense is "socially dominant," as in "Jackie O. rules."

Dowd is a certified Lexicographic Irregular, but the only written citation for this locution was in a piece she wrote that appeared in The New York Times Magazine on Nov. 9, 1986, about a social phenomenoo "Smart Set became the name of an American magazine." Smart Set became the name of an American magazine edited by George Jean Nathan and H.L. Mencken.

rong Read Viol

According to the gossip columnist Liz Smith, the term jet set is a victim of technologically induced through New York society for reasons obscure to egalitarianism: "These days, everybody's in the fee most.

A message left on Edelstein's telephone-answering to go, so the elitist connotation disappeared." She sees device by one of her gentlemen friends said, "I'm in a the term nouvelle society as nouveau riche with the sting device by one of her gentiemen friends said, "I'm in a tizzy, um. It's my day and it is oot ruling." Transcribing tizzy, um. It's my day and it is oot ruling." Transcribing taken out: "People who've been designated as 'm' are ing this cryptic message, the reporter explained: "Ruling, once part of the street argot of the 1960s, is the current chic word for being cool or powerful, for say I was designated by W, the Fairchild journal, as controlling a situation." In this case, not ruling meant "one year, and the columnist Art Buchwald was "out", Art cut me dead the next time we met; but with this next profound understanding of the term was cond." this new, profound understanding of the term, we can be read in the same circles again.)

Glitterati has fallen into disuse; this 1940 comage Charlotte Lewis, apparently known as "Hollywood's like the more recent celebutante, is what Lewis Carroll Hottest Couple," is the headline: "Ruling Style," called a portmanteau word, after a suitcase that opens into two parts. It is based on gitter (from the Old Norse gitter, "sparkle, shine") and literal (from the Old Norse gitter). Latin for "learned, scholarly people").

A LOCUTION to watch is brat pack, based on Frank Sinatra's Hollywood rat pack. This applies mainly to young authors who write what is called hip lit, often dealing with nouvelle society characters.

A recent advertisement by Bloomingdale's (featuring short skirts, high heels and a color called "poison green") was headlined "Bright Nights Big City / The Rules of Attraction." Ann Elise Rubin of The New York Times alerts me to the allusions to "Bright Lights, Big City," a novel by Jay McInemey, and "The Rules of Attraction" a novel by Jay McInemey, and "The Rules of Attraction" a novel by Jay McInemey, and "The Rules of Attraction" a novel by Jay McInemey, and "The Rules of Attraction" a novel by Jay McInemey, and "The Rules of Attraction" a novel by Jay McInemey, and "The Rules of Attraction" a novel by Jay McInemey, and "The Rules of Attraction" a novel by Jay McInemey, and "The Rules of Attraction "The New York Times alerts when the New York Times are not the state of the New York Times alerts when the New York Times ale

Rules of Attraction," a novel by Bret Easton Ellis.
Both men are successful hip-lit authors.
What sort of lingo do these people speak? Apparently they are influenced by movie-industry talk. Sally Quinn, anthor of "Regrets Only," reports a new term raging through this crowd that is synonymous with "get to the point," or "bottom line," or "here's what I'm getting at." It is cut to the chase, from the morie habit of cutting, or switching, to the chase.

I ran cut to the chase past Maureen Dowd, who had

not yet heard it, but bid me toodle oo with the words, "Dissolve, dissolve, dissolve." That is at the end of a scene in a movie script, and I suspect is a way of saying. "I'm leaving oow," or. "Tim history." You, too: can swing with the swelegant and heat up with the bottest couples. If your day isn't ruling, cut to the chase and dissolve, dissolve, dissolve,

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is the big theme," he said.

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schedule of events promised for last September. The Mission is

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the bicentenary's 100-million-

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important," Didier Hamon says,

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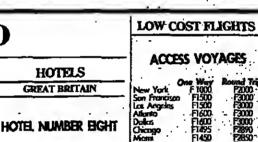
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